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ABSTRACT

This document records the proceedings of a Congressional hearing on the role of the federal government in education policy. Statements are provided by Richard Riley (Secretary of Education), Bret Schundler (Mayor, Jersey City, New Jersey), Tommy Thompson (Governor, Wisconsin), and Representatives, William L. Clay (Missouri), William F. Goodling (Pennsylvania), Harris W. Fawell (Illinois), Gene Green (Texas), and Thomas C. Sawyer (Ohio). The following federal education programs are discussed: the Goals 2000: Educate America Act, the School-to-Work Opportunities Act, Title 1 of the Elementary and Secondary Work Opportunities Act, Title 1 of the Elementary and Secondary Education Act, and the Improving America's School Act. Discussion includes education and the future; economic development and success; national security; responsible citizenship; access and civil rights; state and local responsibility; program reforms; the role of the Department of Education; research; technology; student aid; federal and state partnerships; education standards; education as a state responsibility; school funding and flexibility; disadvantaged children; public and private schools; decentralization; the role of parents; employment and job training programs; major research findings on school choice; and program costs. (AEF)

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HEARING ON THE PROPER FEDERAL ROLE IN EDUCATION POLICY

ED 381 127

HEARING

BEFORE THE

COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, JANUARY 12, 1995

Serial No. 104–2

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HEARING ON THE PROPER FEDERAL ROLE IN EDUCATION POLICY

THURSDAY, JANUARY 12, 1995

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ECONOMIC AND
EDUCATIONAL OPPORTUNITIES,
Washington, DC.

The committee met, pursuant to call, at 9:30 a.m., Room 2175, Rayburn House Office Building, Hon. William F. Goodling, Chairman, presiding.

Members present: Representatives Goodling, Petri, Roukema, Gunderson, Fawell, Ballenger, Barrett, Cunningham, Hoekstra, McKeon, Castle, Meyers, Talent, Greenwood, Hutchinson, Knollenberg, Riggs, Graham, Weldon, Funderburk, Souder, Norwood, Clay, Kildee, Williams, Owens, Sawyer, Payne, Andrews, Reed, Roemer, Engel, Becerra, Scott, Green, and Romero-Barcelo.

Staff present: Jay Eagen, staff director; Ted Van Der Meid, parliamentary counsel; Vic Klatt, Education coordinator; Sally Lovejoy, senior Education policy advisor; John Barth, professional staff member; Kelly Presta, communications director; Silvia Riley, clerk; Gail Weiss, Minority staff director; Broderick Johnson, Minority chief counsel; and Dr. June Harris, Minority Education coordinator.

Mr. HOEKSTRA. Mr. Chairman.

Chairman GOODLING. For what reason does the gentleman from Michigan seek recognition?

Mr. HOEKSTRA. To make a point on procedural order.

Chairman GOODLING. You are not recognized for that purpose.

Mr. HOEKSTRA. I would just like to point out that Mr. Ballenger came in after the gavel was hit for questioning purposes.

Chairman GOODLING. Okay, thank you. Mr. Secretary, as I indicated yesterday, the purpose of these hearings is to try to determine what the role is—yesterday was labor—as far as the Federal Government is concerned. Today we are going to shift to what is the Federal Government's role in relation to education, and when we get all of that information and we know what those roles are, then we are going to try to figure out how many programs we have and which programs are doing well, which are doing poorly, which should be improved, and which should be disbanded and so on, so that is the purpose, and I am not making an introductory remark other than to tell you why we are here today.

Mr. Clay, do you want to say hello to the Secretary?

Mr. CLAY. I certainly do. I want to welcome him to the committee and say I look forward to his testimony.

Secretary RILEY. Thank you, sir.

[The prepared statements of Mr. Goodling, Mr Fawell, Mr. Sawyer, Mr. Green, and Mr. Clay follows:]

STATEMENT OF HON. WILLIAM F. GOODLING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

We live in a time of tremendous change. Evidence of this is everywhere around us and quite familiar to us, perhaps uncomfortably so. Alvin Toffler, Peter Drucker and others point out that we are transitioning from an industrial economy to one that is information based. The explosion of personal computers and other electronic wizardry has dramatically increased the amount of information available to us, enhanced our ability to share it, and hastened its passage to obsolescence.

Businesses are changing, streamlining and decentralizing to better face the challenges of the international marketplace. Their leaders realize that survival is dependent on embracing and quickly adapting to the demands of a changing world.

Last November 8, the voters presented us with political change of historic proportions. New ideas are now raised to the level of serious discussion and debate. As some of these ideas become policy, they will bring more change and more of the anxiety that always accompanies change.

The revolutionary changes that are overtaking businesses, families, society in general, and now the political system are also overtaking our schools and school systems. The challenge to policymakers and educators alike is to acknowledge the winds of change that swirl about them and to respond to all of this in a constructive way.

The challenge for the Federal Government is to undertake an extensive and, no doubt, sometimes painful process of review of all of its programs and policies in education. As we examine each one, we need to ask a few basic questions: Is it meeting its objectives?; are these the right objectives?; can it be fixed?; if not, when do we repeal it?

It is our intent that this hearing begin that process. Today we seek to frame the issues, to look at the big picture. It is our hope that the witnesses will help us identify those things that the Federal Government is doing well and should continue doing and those things that may be better left to States and local school districts. Perhaps most importantly, we want to identify those things that the Federal Government can and should do to stimulate and assist the process of change and improvement in schools.

If we are very frank and honest with ourselves, we will admit to the need for change. Our model of education is over 100 years old and was designed for another time. While we may have revised and amended it over the years, we have not altered it in any significant and structural way. I believe that the time has come to take a fresh look at our educational institutions and systems with a clear intent of making every change that will create greater benefit for the children served.

Adam Urbanski, vice president of the American Federation of Teachers stated: "We know based on research that people remember about 10 percent of what they hear, 20 percent of what they see, 40 percent of what they discuss and 90 percent of what they do. But we still use largely one teaching style: 'I talk, you listen and you learn.'"

The Federal Government's role in education and its relationship with States and school districts should not be exempt from this examination. If Federal policymakers are equally candid, they will admit that much of what they have created isn't working, isn't producing the desired benefits for children served. This criticism extends to politically sacrosanct programs like Chapter 1 and Head Start. The Federal Government must also face up to the fact that its good intentions and best efforts may actually be hampering educators at the local level, may be limiting their ability to serve children.

I want to thank today's witnesses for appearing before the committee and look forward to their presentations and responses to questions.

STATEMENT OF HON. HARRIS W. FAWELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. Chairman, members of the committee, I am truly pleased that the committee is examining this issue, "The Role of the Federal Government in Education Policy," as part of the first Committee on Education hearing of the 104th Congress. I look forward to a new vision for education, one in which local school districts are able to impart wisdom and guidance to the populations they serve. The subject matter of this hearing is quite timely; as the 104th Congress restructures to fit new leader-

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ship, it is indeed appropriate to rethink how our government can function more effectively in its intended purposes. I anticipate lively dialogue with my colleagues on both sides of the aisle and with members of the President's Cabinet. I extend special welcome to Secretary Riley.

As a subcommittee chairman on the Economic and Educational Opportunities Committee, I look forward to an aggressive agenda in both education and workplace policy. No sector of our society impacts each individual as much as education and training. In this first hearing of the new Congress, I look forward to the new issues that will be brought about through the work of Economic and Educational Opportunities Committee, as it is truly a new era of opportunity for each member of our society.

I welcome Secretary Riley, Governor Tommy Thompson of Wisconsin, and Mayor Brett Schundler of Jersey City, New Jersey. Each of these witnesses imparts a unique perspective in the field of education, and I look forward to hearing from them.

STATEMENT OF HON. THOMAS C. SAWYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. Chairman: it is a pleasure to be here this morning and I thank you for holding this hearing on the role of the Federal Government in education.

Why do we keep asking this question? What is the real issue here? Is it whether the Federal Government has any role, or is it the manner in which that role is manifested? I gather from this morning's witness list that the Federal role in higher education will not be subject to the same level of scrutiny as will the Federal role in K–12 programs.

How many more Sputnik launches do we need to settle this question? How many times do we have to publish a report like a *Nation At Risk* to focus our resolve? Do we have to be facing a crisis in order to forge a national consensus on this issue? Do we have to wait for someone to land a Toyota on the moon to understand what is at stake?

The hearing held by this committee just yesterday on the Federal role in workplace policy focused on the same essential set of questions. What was striking about that discussion was the centrality of education and skills training to improved living standards for American workers and the Nation's productivity.

Affirming the importance of the Federal role in education does not mean that we need to abandon the tradition of local control. Parents should continue to feel secure in their ability to make a full range of decisions which will affect the education of their children.

But I cannot imagine there is a single parent in this country that does not instinctively know that when his or her child completes their secondary education they need to have either a set of skills that will make them attractive to an employer and to continue learning in the workplace itself, or to have a basis of knowledge that will allow them to continue learning on a higher level of formal education.

What we are talking about here is "transferability." An eighth grader in Butte, Montana, needs to acquire the same body of knowledge about plane geometry as an eighth grader in Boston. Their teachers don't have to teach it in exactly the same manner, they don't have to use the same textbooks or other instructional materials. But they *do* need to end up with the same understanding of the concepts and how they are applied.

In the last Congress, this committee broke new ground by acknowledging that *all* children, not just those in affluent school districts, can achieve to high standards. I believe that future scholars of Federal education policy will recognize the last two years as a productive period of bold and meaningful progress. The enactment of *Goals 2000: Educate America* gave encouragement to the process of setting *voluntary* national content standards which began with the National Council of Teachers of Mathematics and has since spread to every discipline.

It is critical, in my view, that we continue to support the standards-setting process. I can think of no better way to encourage excellence in educational attainment for students regardless of where they were born and attend school. This belief that poverty and other barriers do not necessarily impede academic rigor is also an important part of the primary delivery system of all federally supported K–12 education programs, the Elementary and Secondary Education Act (ESEA) of 1965 which was reauthorized by this committee just last year.

Mr. Chairman, what we did in the last Congress was to give new purpose, direction and a sense of optimism to the Federal role in education. What we do in this Congress should support that progress.

I agree that we should consider all forms of innovation, anything that will support a renewal of faith and subsistence in one of our most cherished of American institutions, our system of public education. I would caution against the temptation and the lure of educational "fadism" which tends to flourish in periods of political conflict.

I thank my Chairman for holding these hearings. I look forward to hearing from these witnesses this morning who are all well-known advocates of our Nation's public schools.

STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Thank you, Mr. Chairman. Education is the best value for the dollar for Americans to move from one job to another, one career to another, or one life to another. All Americans deserve and have a right to the best possible education available. Today we will discuss how the Federal Government can facilitate States and local school districts in providing that education.

The Federal Government should provide a guiding hand in education by sharing technology, technique, skills, and ideas. Also, the Federal Government can provide funds, about 8 percent of total expenditures last year, to fund specific programs. Combining funds and ideas, the Federal Government can seed State and local entities or allow State and local entities run with their own ideas with Federal assistance. We must not allow good ideas to die on the vine from lack of support.

A role which the Federal Government is already providing and should be expanded is the School-to-Work program and Goals 2000. Voluntary programs which in the case of School-to-Work allow States to compete for Federal dollars. With Goals 2000—standards are established by educators and industry to provide guidance in skills needed by that industry. These programs should be replicated or expanded to provide Americans more opportunity at a better life.

STATEMENT OF HON. WILLIAM L. CLAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

As we begin this hearing on the Federal role in Education, I recall a very moving statement made by Robert Kennedy:

> "The prosperity of a country depends, not on the abundance of its revenues, nor on the strengths of its fortifications, nor on the beauty of its public buildings; but it consists in the number of its cultivated citizens, in its men and women of education, enlightenment, and character."

But even before Robert Kennedy's generation, education in our Nation, historically, has been an imperative in supporting a high quality of life and opportunity for our citizenry. I will take a few minutes to briefly summarize this history.

Even before we became a Nation, provisions were made for public education in the Northwest Ordinances of 1785 and 1787 specifying that tracts of land were to be identified in order that schooling might take place.

The role of the Federal Government since the 1785 and 1787 Northwest Ordinances has been systemic and expanded as a means of furthering the quality of life for Americans. As a means of establishing land-grant colleges, the Congress passed the Morrill Acts of 1862 and 1890, which led to the establishment of land grant colleges. These Acts were significant in the development of higher education in the public domain.

The Federal Government's role in education has gone beyond that of establishing educational institutions, however. Its continued advocacy for and support of broad-based public education has been vital for our development. Financial support of various kinds have made it possible for large segments of the American population to tangibly participate in achieving the American Dream, from support for elementary schools through assistance for graduate school programs.

The Federal Government has long supported vocational education. The passage of the Smith-Hughes Act of 1917 was critical to the development of vocational education.

The Federal Government also played a pivotal role in helping millions of World War II veterans attend college through the passage of the landmark GI bill. And, Federal financial assistance enabled two million Korean War veterans to complete college.

In March of 1957, the Soviet Union shocked the world when it launched Sputnik into orbit. This astounding feat ushered in what came to be known as the "Space

Age." President John F. Kennedy, with the support of the Nation, vowed to place a man on the moon within 10 years. To that end, the National Defense Education Act was enacted, fostering math and science instruction.

In more recent years, passage of the Elementary and Secondary Education Act of 1965, and subsequent reauthorizations, have played a vital role in making grants to school districts in order to promote equity and excellence for our children.

I think it is critical that the Federal Government has a clear and present obligation to serve as a vehicle in partnership with the States in ensuring equal access, excellence, and fairness for all children in our elementary and secondary schools, and in our institutions of higher learning.

Today, we exist in a global environment. We must compete with countries throughout the world, not only in the marketplace for our goods, but also in the arena for new and innovative ideas for the advancement on humankind. The only way that we can be truly competitive is for us to ensure that all of our human potential has the possibility to excel.

It would not only be counterproductive, but it would also be against our national interest, if we simply left education completely to local and State resources, initiatives, and imagination. Education in America is a partnership between all entities—local, State and *national*—each working together to ensure the achievement of common goals for the common goal of us all.

I believe it is in our national interest that the Federal Government continue to play a key role in the educating of our populace.

Chairman GOODLING. So, Mr. Secretary, we are ready to listen to you.

STATEMENT OF HON. RICHARD RILEY, SECRETARY OF EDUCATION, U.S. DEPARTMENT OF EDUCATION, WASHINGTON, DC

Secretary RILEY. Thank you so much, Mr. Chairman. It is a pleasure to be here before the committee and to talk about the Federal role in American education. With the permission of the Chairman, I would like to submit for the record my prepared testimony and a background paper that describes how the Department of Education functions.

This committee, Mr. Chairman, has always had a strong bipartisan commitment to improving education, and I want to assure the Chairman and the committee members that I wish to continue to work with you in the same spirit of bipartisanship.

We are not educating our children as Republicans and Democrats and independents. Our children are learning as Americans. Education is a national priority, but a State responsibility under local control. I believe in State and local decisionmaking, but I have been a Governor, as you know.

At the same time, I believe that education must be a part of our national purpose. Our economic prosperity, our national security, our Nation's civic life have all never been more linked to education than they are today, and in this information era of this 21st century that we face.

In the last two years this committee, I think, has demonstrated some creative leadership in working to put excellence back into American education. Quotes like "far-reaching," "unprecedented," and "historic" are words that have been used to describe the bipartisan effort over the last two years.

The Goals 2000 Act, the creation of a new school-to-work opportunity initiative, our new Direct Lending Program, our new substantial investment in technology, the refocusing of our research arm, the Safe Schools Act, all are part of the Federal effort to help State and local decisionmakers move forward.

I think that this committee has set very high standards, and I urge the committee to stay on the course, and I certainly look forward to working closely with you. The American people may be angry about many things. They may be anxious about many things, but they still place a very high value on education.

The American people know that education is the future of this country. The New York Times CBS poll published last December 15 captures this sentiment in a very real way. When people were asked whether they favored a balanced budget amendment in the Constitution, some 81 percent said, yes. When these same people were asked whether they would favor cuts in education to support the proposed balanced budget amendment, then there was very little support. Support for the amendment dropped some 59 percent. Only 22 percent of the people who were polled were willing to cut education spending.

So it seems to me that the American people, I think, have it right. This is no time to deemphasize education. This country gets ahead, and we get ahead as individuals when we do invest in quality education and invest in a good way. It has always been the basic working principle of this country that when we emphasize quality education in a good way, we move forward.

If the strength of the country is self-reliance of our citizens, if we want the locus of power to be the self-reliant American and not the government, then we must realize that self-reliance comes in large part because we have educated and we have now-thinking Americans.

If you look at our history going all the way back to the Morrill Act in 1862, when land grant colleges came about, during the middle of the Civil War, the people of this country have always turned to the Federal Government for support in education during times of great economic transition. Just like the one we are living in right now. Also during times of national emergency, when the national security was at risk.

When millions of veterans came back from World War II, we sent them to college on the GI bill and started to expand the American middle class. I went to law school on the GI bill, and I am very grateful for that opportunity.

When the Russians woke us up with Sputnik flying over our heads, we passed the National Defense Student Loan Act in 1958, and educated a generation of scientists who helped us win the Cold War. In the 1960s this country faced up to its civil rights obligation and started helping disadvantaged Americans learn their way out of poverty.

We passed the Elementary and Secondary Education Act of 1965, the Higher Education Act the same year, and then created Pell grants in 1972. What was the result? One result was the education achievement gap between blacks and whites, a large gap started to lessen, reading and math scores, until the middle 1980s significantly went down. High school graduation rates for African-Americans doubled over the past 20 years. I think that is clear, solid progress. It is a success story, and it is still going on, and it is difficult.

Another way to think about it, in the last 20 years, 40 million Americans have used Federal student loans to finance their post-

secondary education. That is a lot of people. Right now about 75 percent of all student aid funding in this country comes from the Federal Government. We have had a very big and positive role in helping to create the middle American class as we know it today.

The flip side of this equation is what happens when we don't invest in education, when some of our young people get disconnected from education. We know that some 44 percent of people on welfare rolls in this country are high school dropouts. Eighty-two percent of the people in prisons and jails are also high school dropouts. That tells us a lot.

If you want to end welfare, if you want to keep people from getting on welfare in the first place and keep people from getting—going down the road to violence to the spiritual numbness, out of touch with what is happening, then I would suggest that it is always good policy to invest in quality education, and here I mean invest in the very broad sense. Connecting families to the learning process, making sure children know their basics, helping good teachers become better teachers, making sure our schools are safe and disciplined and drug free.

I will be the first to tell you that about the surest way to create an angry 16-year-old illiterate dropout is to give that person at a very young age a watered down curriculum from first grade on and tell them in no uncertain terms, young student, you aren't good enough. You aren't expected to learn hard material, so why even try.

Two decades of research tells us that disadvantaged students can learn far more than we generally expect them to learn. In the 1990s equality and excellence must be seen as one and the same. One cannot happen without the other, and that is why we have linked the reform of Title I to Goals 2000 and its commitment to high standards.

Let me turn now to the Federal role in supporting State and local reforms. We recognize that the Federal Government has a limited role in education. It is, as I said earlier, a State responsibility and local control. I am a firm believer in the 10th Amendment of the Constitution. We can support and encourage States and school districts to keep moving forward with reforms in their own way.

I believe in increased flexibility from Federal regulations and in the broad use of waivers. We have done a great deal of streamlining of this Department's programs and will certainly do more. We moved away from the 1960s categorical top-down approach and placed a strong emphasis on flexibility, giving local decisionmakers the power and the responsibility to achieve the basics and advanced skills geared to high standards in return for accountability.

We believe this shift from remedial education to high academic standards is long overdue. The Goals 2000 Act is a case study of thinking and designing of a Federal program very differently from the way we thought about it in the past. A short, easy-to-read grant application that is a total of only four pages. No regulations, no regulations will be issued for Goals 2000 State and local reform grants.

In the second year some 98 to 99 percent of the funds would go straight to the States and then 90 percent of those funds would go

directly to the local school district and then on to the schools. I am not averse to change or to new thinking, and I look forward to working with many of the new committee members to understand your concerns and your priorities.

Our children and the education of students are too important for us all to be stuck in the same old way of doing things in this changing world. I believe in public school choice, encouraging charter schools, supporting experiments in privatization. If local school boards think that is the way to go, I think that is also the way for them to experiment so long as they keep their eyes focused on teaching and learning. But I am also aware of the siren call of the new fad, the hot silver bullet solution that will solve all of our problems. It is all too often the great stumbling block of improving American education, seeking long-term sustained improvement.

Let me briefly give you a quick overview of how we function as a Department and then give you an opportunity to ask some questions. What we are doing can be summed up in perhaps five words—research, solutions, access, equity, and excellence. We act as a national research arm, a clearinghouse for good ideas, and a catalyst for good solutions.

Here let me make special mention of our focus on technology, a very important part of education in the future. We are at a critical juncture in the development of a national telecommunications policy that will have an enormous impact on how we educate children in the coming years, and this Congress will in all likelihood define this Nation's telecommunication policy for the 21st century.

We must guard against a future in which some schools and school districts become islands of excellence because they have access to vast technological resources while others do not. We seek to keep the door open to the American dream for middle-class Americans through the success of our new Direct Lending Program, the creation of Goals 2000, our school-to-work initiative and the President's middle-class Bill of Rights.

The demand for higher education is rising and so is the cost. Total borrowing in student loan programs increased by 29 percent between 1993 and 1994. Seen in that light, the President's proposal on his middle-class Bill of Rights to allow tax deductions for college tuition makes a great deal of sense to hard-pressed, middle-income families that seek the American dream for their children.

The President's middle-class Bill of Rights is a sensible and future-driven initiative, I think. The President's plan seeks to hold down the national debt and encourages us to invest in America's future through education. I urge the committee to see this positive initiative as a logical extension of our bipartisan efforts of the last two years.

Further, we are committed to a new partnership with State and local government focused on high standards for all children. This is the sum and essence of Goals 2000 and our effort to restructure Title I of the Elementary and Secondary Education Act. This is how we can achieve equity and excellence.

Finally, we have a responsibility, I think, to be the national voice for excellence and high standards in education. The American people know that we are in a new time in this life of our Nation. The industrial era that we grew up in is giving way to this new era,

as we have all known and observed. If we hold fast to rigid ways of thinking or if we believe that we can return to a simpler time when education was less important to our economic prosperity, we will surely miss the mark all together.

We need as a Nation to commit ourselves to high standards, to make our schools havens of order and discipline, to recognize that teachers are at the heart of our effort to reach excellence to reconnect the American family to learning, to find new concrete ways to make sure that every student who can make the grade can find a way to pay for college. That, in a nutshell, has been and remains the education agenda of President Clinton.

Thank you very much, Mr. Chairman. I will be happy to respond.

[The prepared statement of Secretary Riley follows:]

UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

Testimony of
Richard W. Riley
U.S. Secretary of Education
before the
House Committee on Economic
and Educational Opportunities

The Federal Role in American Education
Thursday, January 12, 1995
Washington, D.C.

Mr. Chairman, it is a great pleasure to come before the committee and talk about the federal role in American education. With the permission of the Chairman, I would like to submit for the record my prepared testimony and a background paper that describes how the U.S. Department of Education functions.

This Committee has always had a strong bipartisan commitment to improving education. I want to assure the Chairman and committee members that I will continue to work with you in this spirit of bipartisanship. We are not educating our children as Republicans, or Democrats, or as Independents. Our children are learning as Americans, the future of our country.

Education is a national priority but a state responsibility under local control. I believe strongly in state and local decision making. I have been there as a governor. At the same time, I believe education must be part of our national purpose. Our economic prosperity, our national security, and our nation's civic life have never been more linked to education than they are today as we enter the Information Age of the 21st century.

I am a believer in education. As a governor and now as the U.S. Secretary of Education, I have worked to improve this nation's education system. There is nothing more important to the future of this country. In the decade since the release of the report, "A Nation at Risk," we have come a great distance in redesigning American education for the 21st century. We are not there yet, but we are moving forward. We are making steady progress.

In the last two years, this Committee has demonstrated creative leadership in working to put excellence back into American education. "Far reaching," " unprecedented," and "historic" are some of the words that have been used to describe the bipartisan legislative effort of the last two years.

The Goals 2000 Act; the creation of a new school-to-work opportunity initiative; our new direct lending program; our substantial new investment in technology; refocusing our research arm; and the Safe Schools Act are all part of the federal effort to help state and local decisionmakers move their classrooms forward.

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This committee has set a very high standard. I urge the committee to stay on course even as we continue to work with you to improve federal support for local and state reform. We can always do better. I believe if we stay on course we will be doing the right thing for our children and this nation's future.

EDUCATION IS THE FUTURE

The American people may be angry or anxious about many things, but they still place a very high value on education. The American public is pro-education. The American people know instinctively that education is the future. Peter Drucker makes this critical point in an Atlantic magazine article entitled "The Age of Social Transformation." I cannot emphasize his point enough. In the new, emerging "knowledge society," he writes,

> "Education will become the center of the knowledge society, and the school its key institution."

Mr. Drucker's point helps to explain the result of a recent national poll on a proposed balanced budget amendment -- the *New York Times*/CBS poll published on December 15th. In this poll, people were asked whether they favored a balanced budget amendment. The sentiment in favor of such an amendment was favorable by a very large measure -- 81 percent.

But when the people polled were asked a follow up question -- about whether they favored cuts in education spending for the purpose of balancing the budget -- public support headed South -- to use a phrase. Only 22 percent of the people polled favored balancing the federal budget by cutting spending on education, a drop of 59 percent.

The American people know that we are in a unique time of economic and social transition. If the locus of power in this society is ultimately the self-reliant American and not the government, we ought to recognize that our self-reliance comes largely from education -- and even more so in this new knowledge-driven age in which our children are growing up. I know the American people are prepared to invest in education.

I want to underscore the fact that our future is one of crowded classrooms. We are in the midst of a second baby boom that has gone largely unnoticed and unreported. We anticipate that by 1996, elementary and secondary school enrollment will surpass the previous high set in 1971 by the baby boomers. In the next ten years, an additional 5.9 million children will enter classrooms all across this nation.

Increasingly in the future, high-paying jobs will require both more skills and more knowledge, and different kinds of knowledge and skills -- analytical skills, problem-solving skills, and the ability to use modern technology. Every child must know his or her basics. But in an era where information is exploding all around us, the skills people need will change rapidly, thus, the need for what Mr. Drucker calls the "habit of continuous learning," and what the President has called a

"culture of learning."

This is a critical time for American education. Not only are we on the threshold of a new economic age, but we are already under enormous pressure to educate millions of additional children, to teach them not only the basics, but to help them grasp the technology of the future. How we meet these two challenges will determine the future prosperity and economic security of this country.

THE NATIONAL INTEREST IN EDUCATION

Economic Development and Success: Historically, the national government has moved to support education in times of significant economic transition. Creation of our land grant college system (Morrill Act, 1862) and support for vocational education as the United States fully emerged into the industrial era (Smith/Hughes Act, 1917) are significant examples of the national commitment to education in times of economic transition.

The passage of the G.I. Bill in 1944, which sent 2.2 million veterans to college, was a clear national recognition that this nation's future economic success was linked to giving as many Americans as possible access to a higher education. Between 1948 and 1973, for example, one-fifth of our nation's GNP was related to access to education.

In the 1990s, the link between education and our nation's future economic competitiveness is just as clear. In 1992, the average annual earnings for those with a bachelor's degree were almost **twice** those of people with only a high school diploma, and more than two-and-a-half times greater than those who had not graduated from high school (Chart 1). In this decade, 89 percent of the jobs being created require some form of post-secondary training.

Today, we have a national and international economy, and we live in a truly mobile society. Almost one of ten Americans moves across state lines every five years. A young person educated in Ohio may go to college in Michigan, get married in California, and find a job in Texas. The local quality of education has national implications on employment and economic growth.

National Security: The federal government's interest in supporting education to protect our national security needs is long-standing. National security was at the very heart of the passage of the National Defense Education Act (NDEA) in 1958, with its strong emphasis on math and science training following the Sputnik scare. NDEA helped to educate a generation of scientists who won the Cold War.

Our nation's armed forces also place a higher premium on a quality education. This year, the armed forces will recruit 180,000 young Americans to serve their country. Our military has learned from long experience that having recruits who are highly educated means higher retention rates, reduced training time, and increased productivity -- all of which ensure unit

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readiness.

Responsible Citizenship: Access to a high-quality education for all Americans is the critical element in sustaining this nation's civic life. We seek to educate self-reliant Americans, citizens who will actively participate in our democracy. As a nation, we seek to guarantee access to quality education; we do not guarantee equal outcomes.

Two key facts suggest a powerful rationale for giving every young person access to a high-quality education: about 44 percent of those on welfare are high school dropouts; and 82 percent of all the people locked up in America's prisons and jails dropped out of school as well. If you want to end welfare, and if you want to end the violence and spiritual numbness that grips some of our young people, then I urge this Committee to continue its investment in education.

Responsible citizenship begins with the family. The American family remains the rock on which a solid education can and must be built. Thirty years of research support this conclusion. This is why I have spent much of my effort in the last year encouraging parents to reconnect to the learning process through our "Family Involvement Partnership for Learning."

The national commitment to supporting parents who want their children to be part of the American Dream has led the federal government to make access to a quality education, at all levels, a center point of its support for American education. In many respects, the American middle class is what it is today because of this federal support. This is particularly true with regard to higher education. In the last 20 years, 40 million Americans have received a federal student loan.

Access and Civil Rights: Ensuring the Constitutional rights of all Americans regarding education is clearly a function of our national government. In the 1960s, this nation moved to redress our long history of denying minority Americans the equal opportunity to get a first-class education.

At the same time, we also recognized the economic implications of this continuing inequality. An American denied an equal opportunity to a first-class education had little chance of boot-strapping his or her way out of poverty. The 1965 Elementary and Secondary Act (ESEA), especially Title I, sought to raise the academic achievement of poor and disadvantaged students. Since the 1970s, the achievement gap between black and white students has narrowed substantially. Laws to remove gender and disability barriers to educational opportunity are also a reflection of our national commitment to equal opportunity in education.

STATE AND LOCAL RESPONSIBILITY

The national interest in supporting and encouraging the advancement of American education has always been governed by a clear recognition that education is a state and local responsibility. I am a firm believer in the 10th Amendment.

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As a former governor, I know first-hand the enormous effort that has been made, and is being made, by our nation's governors and state legislatures, community and business leaders, educators and parents to improve this nation's schools and colleges.

The governors of this nation have been at the forefront of the bipartisan and national effort to improve our schools and to raise academic standards. The process to establish a set of national education goals began at the historic Charlottesville Summit of the nation's governors hosted by then President Bush in 1989.

I am not an advocate of a national exam or the intrusion of the federal government into state and local decision making regarding curricula or, for that matter, any other area of responsibility that can best be done at the state and local level. The great strength of American education, and here I include higher education, is the American tradition of decentralization, public, private and parochial schools existing side-by-side.

Last year, this Committee went to great lengths to pass the Goals 2000: Educate America Act, which is a model of how the federal government can encourage effective local and state reforms without burdensome regulations. We seek to support and encourage; we do not dictate or determine local or state policy.

Massachusetts, for example, is already using its state planning money to support the creation of fourteen charter schools. Kentucky is using its money to encourage parental involvement in Kentucky's on-going reform efforts. Oregon is using its Goals 2000 money to support the Oregon Benchmarks, the citizen-based vision of education for the 21st century.

CHANGING THE WAY WE DO BUSINESS

We have made significant reforms in many federal education programs in the last two years -- reforms that were, to my mind, long overdue. I believe in increased flexibility from federal regulations and the broad use of waivers. We have done a great deal of streamlining of this Department's programs, and we will certainly do more.

We have moved away from the 1960s categorical, top-down approach and placed a strong emphasis on flexibility, giving local decisionmakers the power and responsibility to achieve the basics and advanced skills geared to high standards in return for accountability. We believe this shift from "remedial" education to high academic standards is long overdue.

The Goals 2000 Act is a case study of thinking and designing a federal program differently. The short-easy-to-read grant application is a total of four pages. No regulations will be issued for Goals 2000 state and local reform grants. And, in the second year, 90 percent of all funding flows directly to local school districts.

Our new direct lending program is another example of redesigning a federal program to deliver

services in new ways to our customers. A financial aid officer at the State University of New York in Brockport said in September that this new program is so much simpler that they have completed awarding aid to 800 more students than at the same time the previous year. I have seen first hand the surprise of students when a school can process a loan, produce a promissory note for them to sign, and transfer funds to them in the same day.

In the last two years, we have worked very hard to improve the management of the Department to respond to Congressional concerns and serious criticisms about our operations. In 1993, the General Accounting Office (GAO) issued a report sharply criticizing the Department's inattention to crucial management issues. We are two years into the process of streamlining how this Department functions. For the first time in our history, we have a strategic plan with clear performance measurements.

I am not averse to change or new thinking, and I look forward to working with new Committee members to understand their concerns and priorities. Our children and the education of students of all ages are too important to be stuck in the same old way of doing things. I believe in public school choice, encouraging charter schools, and supporting experiments in privatization if local school boards feel that is the right way to go.

But I am also aware that the siren call of the new fad -- the hot "silver bullet" solution that will solve all of our problems -- is all too often the great stumbling block to improving American education over the long term. The paradox of education reform is that if we want to "jump start" our young people into this new Information Age, we can really only succeed by taking a step-by-step approach to making our schools and colleges better.

Like the students we are trying to educate, our Nation's schools and colleges need continuity and stability as they push forward toward high standards. This does not imply rigidity, or an adherence to old ways of thinking, or burdensome regulations, but it does imply clear goals, a focus on the essentials of teaching and learning, and a willingness to allow progress to be achieved.

THE ROLE OF THE DEPARTMENT OF EDUCATION

The federal government has a particular obligation to undertake activities that are clearly national in scope. It also has an equally important role in addressing areas of critical national concern. Today those concerns are ensuring our economic and national security and a responsible citizenry. We fulfill these two defining roles in a number of ways.

First, through our statistics, research and dissemination activities, we act as a clearinghouse of good ideas and a catalyst for sound solutions. Second, we support access to college and other post-secondary education to create the middle class of the future -- a truly national activity that also addresses our critical national interests.

Third, we seek to respond to the critical national needs of today by creating partnerships with state and local communities to help students learn to challenging standards. Finally, we are a national voice for excellence and high standards.

A CLEARINGHOUSE OF GOOD IDEAS; A CATALYST FOR SOLUTIONS

Research: One of the most basic and established tasks of this Department is research and information collection. Indeed, the Congressional mandate to collect information on education dates back to 1867. Our reports often have a national impact. The 1973 report, "Building Capacity for Renewal and Reform" by the National Institute of Learning, was a precursor of the seminal report, "A Nation at Risk", released in 1983, by then-Secretary of Education Terrel Bell. It woke America up to the reality that our nation's schools on the path toward mediocrity.

In the last two years, with the support of this Committee, we have moved energetically to fundamentally refocus our research capacity to narrow the enormous gulf that sometimes exists between best research and practice -- to understand its customer's information and service needs -- and by connecting our customers to new research through the advanced technology.

In this regard, we have piloted state of the art technology in the award winning AskERIC program and the soon to be released PATHWAYS. PATHWAYS exemplifies the way we are ready to place state of the art knowledge about best practices into the hands of teachers across the country who have access to the Internet.

Technology: In the form of computer networks, interactive video connections, and multimedia software on CD-ROM disc, advanced technology has begun to make its way into American schools and libraries, promising to fuel this nation's long-term productivity and economic growth. States and many individual school districts have begun to make multi-million dollar investments in hardware, software, and networks.

The Technology for Education Act - Title III of IASA - authorizes $40 million for these efforts. Specifically, $27 million is given over to a Challenge Grant program which funds pathbreaking efforts to use technology in schools and build partnerships between schools and communications and software companies.

We are at a critical juncture in the development of a national telecommunications policy that will have an enormous impact on how we educate children in the coming years. This Congress will, in all likelihood, define this nation's telecommunication policy for the 21st century.

We must guard against a future in which some schools and school districts become islands of excellence because they have access to vast technological resources while others do not. A recent survey of teachers suggests that today, fewer than four percent of classrooms have connections to the Internet. This will surely increase in the years to come, but I am deeply concerned that rural schools and inner-city schools not be left out as we move rapidly into the

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Information Age.

My ability as the U. S. Secretary of Education to work with the Congress in redesigning this nation's telecommunication policy, and my continuing dialogue with Reed Hundt, the Chairman of the Federal Communications Commission, have been and will continue to be, in my opinion, one of my most important responsibilities.

Catalyst for solutions: This Department seeks to be a catalyst for solutions in other ways as well. Six million dollars is available to support specific demonstrations of charter schools. We will also support new "character education" initiatives. Our Fund for the Improvement of Education seeks to support innovative solutions to educational problems including local efforts at public school choice and school-based decisionmaking.

Another example of using our research capacity to find solutions worthy of national attention is a new five-year effort working with John Hopkins University and Howard University to determine just how we can help put an end to the cycle of student failure among at-risk youth.

ACCESS TO HIGHER EDUCATION: CREATING THE MIDDLE CLASS OF THE FUTURE

The creation of the American middle class, as I said earlier, reflects a sustained commitment by the federal government, now dating back 50 years, to supporting the American quest for a higher education. The Higher Education Act of 1965 and the creation of the Pell Grant program in 1972, like the 1944 G.I. Bill, have served as springboard to the middle class for millions of Americans.

Between 1964 and 1993, college enrollment nearly tripled (from 5 million to 14 million), the percentage of high school graduates attending college has increased by one-third (from 48 percent to 63 percent), and college enrollment rates for minority students increased by nearly two-thirds (from 39 percent to 62 percent).

Student Aid: Today, 75 percent of all the student aid for Americans seeking some form of higher education comes from the federal government. This is a vital national function given the importance of education and training in our changing economy and the rising cost of higher education.

Charges at public post-secondary institutions rose from 10 percent of median family income to 14 percent between 1980 and 1991. Charges at private post-secondary institutions rose from 23 percent of median family income to 37 percent between 1980 and 1991. As a result, there has been a substantial increase in student borrowing.

Total borrowing in the Student Loan programs increased by 29 percent between FY 1993 and 1994. The number of loans increased by 19 percent during the same period of time. Seen in that

light, the President's proposal in his "Middle Class Bill of Rights" to allow a tax deduction for college tuition makes a great deal of sense for hard-pressed middle-income families that seek the American Dream for their children.

The President's Middle Class Bill of Rights is a sensible and future-driven initiative. The President's plan seeks to hold down the national deficit and encourages us, at the same time, to invest in America's future through education. I urge the Committee to see this positive initiative as a logical extension of our bipartisan efforts of the last two years.

At the same time, we continue to place a strong emphasis on access to higher education through the $6.2 billion Pell Grant program that provides financial aid to 4 million disadvantaged young people. Most Pell recipients are from families earning less than $20,000 a year. Two-thirds of students from families earning less than $10,000 a year and almost half of those with family incomes between $20,000 and $30,000 benefit from student aid. (Chart 2)

I am also encouraged by the support we are receiving from the higher education community for streamlining and improving the federal college loan program. The federal student loan program was badly managed for many years with little accountability to taxpayers. At times, the default rate exceeded 20 percent. In contrast, we believe that when fully implemented, the Direct Student Loan program will save taxpayers a minimum of $4.3 billion and save students $2 billion in interest by 1998.

School to Work: To create the middle class of the future, we seek to pay special attention to creating new educational stepping stones for young people that fit the needs of this Information Age. In the 1980's, the gap between what a male college graduate earned and what his male high school counterpart received widened by more then half. This gap will continue to widen, for both men and women, until we bridge the gap by creating new links between high school graduates and the workplace.

The task of local educators in the 1990s is to reinvent the American high school, to recognize that a high school diploma is no longer a final end point, but an essential, intermediate step, before moving on to other forms of post-secondary education. The School-to-Work Opportunities Act responds to this need by providing federal funds to state and local partnerships to create a new model of education that links academic programs to work-based learning in high schools and post-secondary institutions.

CREATING A NEW PARTNERSHIP WITH THE STATES

The creation of the national education goals by our nation's governors and the passage of the Goals 2000 Act last year by the Congress marks, in my opinion, a decisive turning point in the national effort to improve American education.

These two historic acts define education as part of our national purpose in a new and

fundamental way. They recognize that the advancement of American education depends on a new partnership between our national government and the various states. They suggest that each level of government -- local, state and federal -- has an important and proper function to play in advancing teaching and learning for this nation's children.

They also recognize that the challenges today are both quality and equality. In today's competitive economy it is essential that every child learn to high standards. Access, equality and excellence are all part of the same piece. They go hand in hand.

I believe that in the past the federal government has been far too prescriptive in dictating to states and local school districts how they should run their schools. The Goals 2000, the reformed Elementary and Secondary Education Act, and the School-to-Work Opportunities Act are based on a new partnership with states and communities that develops a framework to help all students learn to challenging standards.

This new partnership is based on just a few key principles. Our focus must always be on challenging standards and improving student achievement for all students. We must promote flexibility for states, school districts and schools, while ensuring accountability for results.

Broad waiver provisions, whole-school approaches, a Department-wide emphasis on fewer regulations, charter schools, and investing in teams of teachers, parents and school and community leaders to find quality solutions are all elements of a new flexibility. And we seek to invest in those areas that we know are critical to success, such as ensuring that teachers have the skills they need to help children learn to high standards, and ensuring that students have access to technology in the classroom.

The need to do this is most critical in our nation's distressed inner cities and high poverty rural communities. We know, for a fact, that people at the lowest level of literacy are ten times more likely to be in poverty than persons at the highest level of literacy. We also know that the sheer drag of poverty can have a detrimental effect on even the brightest young person in a high poverty school.

More importantly, we now know that changing our expectations of what poor and disadvantaged children can achieve is central to helping them to learn their way out of poverty. Two decades of research tells us that disadvantaged students can learn far more then we generally expect of them. In the 1990's equality and excellence must be seen as one and the same. One cannot happen without the other.

This is why we have made a significant effort to fundamentally shift the direction of Title 1 of the Improving America's School Act, which targets federal support to school districts with high rates of poverty. This is one of our largest programs, close to $7 billion a year, that supports the education of 6 million children.

This is also why we remain committed to working to improve the educational results of the nation's five million students with disabilities. The Individuals With Disabilities Education Act, major portions of which will be reviewed by Congress this year, allocates $3 billion through three state grants to support efforts to provide appropriate learning experiences for children and youth with disabilities.

A VOICE FOR EXCELLENCE AND HIGH STANDARDS

The release of the landmark report "A Nation At Risk" by then-U.S. Secretary of Education Terrel Bell in 1983 set off a decade of reform and improvement in American education that is starting to make a difference. As a governor, I heard that call and I can tell you that having a national voice for excellence in education made a difference to education reform in South Carolina. Let me cite three examples.

First, the clarion call for raising high school graduation requirements helped inspire and gear our South Carolina effort to substantially increase high school graduation requirements and college entrance requirements. Both resulted in substantial increases in the number of young people going to college and fewer students needing remedial work once in college.

Second, we applied to a one-time federal funding source to develop our statewide partnership and grassroots effort to involve parents, teachers, and education, business and community leaders in both crafting and implementing the actions to improve education in the state. As a result, the support from parents, education organizations, and the public for the South Carolina reform in the 1980s was the highest in the nation.

Third, the Title I program of the Elementary and Secondary Education Act that provides extra help to students in the basics served as a model for the development of the South Carolina Basic Skills program for students and schools not served by Title I.

In the decade since Terrel Bell did his good deed for the nation, a new awareness have taken hold of education's central and increasing role in defining our future economic prosperity. Between 1982 and 1990 the percent of high school graduates who completed the core curriculum recommended in " A Nation at Risk" rose from 13 percent to 40 percent. (CHART 3)

Education leaders also have come to recognize that new linkages must be forged between the American business community and every level of education; and that breaking down institutional barriers between secondary education and higher education has to be seen as one of the key ways to increase the pace of reform and change.

The Goals 2000 Act reflects this new awareness that education is a national priority and a new partnership between all levels of government and all levels of education. Sustaining this new partnership ought to be seen as the single most vital task of any Secretary of Education, Republican or Democrat.

To be a national voice for excellence and high standards does not require a Secretary of Education to dominate the debate about the direction of American education. There are many voices in our national education community and they all must be heard. But a Secretary of Education can play a positive role in keeping that debate focused on the essentials and linking the discrete parts of our broad education community to the larger national purposes -- economic success, national security, responsible citizenship, and supporting the basic civil rights of Americans who want to get an education.

CONCLUSION

The American people know that we are in a new time in the life of this nation. The Industrial era that we grew up in is giving way to something new. If we hold fast to rigid ways of thinking, or if we believe that we can return to a simpler time when education was less important to our economic prosperity we will surely miss the mark altogether.

We need as a nation to commit ourselves to high standards, make our schools havens of order and discipline, recognize that teachers are at the heart of our effort to reach for excellence, reconnect the American family to learning, and find new concrete ways to make sure every student who can make the grade can find a way to pay for college. That, in a nutshell, has been and remains the education agenda of President Clinton.

Thank you.

Chairman GOODLING. Thank you, Mr. Secretary. The gentleman from Wisconsin.

Mr. GUNDERSON. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary. It is good to have you back in town and good to have your health restored as you have told us it is, and we are delighted to see you here. I just can't help but thinking as I listen to your statement that if bipartisan government is going to work in this town, it is only going to work because of people like Dick Riley, and I mean that very sincerely.

We need more people like you in the administration and, hopefully, more people like you on this side of the Congress so that we can find ways to get together. Wait a minute, just because I am complimenting the Secretary, doesn't mean you have to cut me off on time.

Secretary RILEY. Don't cut him off yet.

Mr. GUNDERSON. That was the shortest five minutes I had, even under the Democrats. I am pleased by your announcement that there will be no regulations for Goals 2000. Can you elaborate on how the Department is able legally to implement the program with no regulations and is this a potential that can be looked at for other areas in Federal policy as well?

Secretary RILEY. Well, it certainly is, in response to your last question. The Department will develop guidance which is far different, as you know, from regulations, and that kind of help will be supplied to States to help them through the process.

The Goals 2000 and school-to-work will have maybe just a couple of regulations. We are working through that now. We think the law might require us to have just a couple of regulations, but very minimal in school-to-work. Goals 2000, as you know, Congressman, is developed to be State- and local-driven, and it is very similar to a block grant with broad goals and then for the various States to do it in their own way to reach the high standards, to develop their own standards, then the local school districts and the schools will develop their own plans to reach their own goals, their own standards. And we think the whole concept itself is hostile to regulation, and we would hope that it then becomes a good model for certain things.

Some things, as you well know, you have to have regulations, and you have to be very careful because the idea of accountability comes into it, but this concept, as far as goals is concerned, as far as education is concerned, we think is the right one and we think it will work.

And as you know, it also contains waiver provisions. It contains—then can reach out in effect, the Elementary and Secondary Act in terms of waivers because the six-State Ed Flex Program that you made part of it really enables six States to control their own waivers, and they can go beyond Goals 2000 in that, and so we see that as a growing trend, a good growing trend that this six-State demonstration project could grow to 50 States, and we could have States, then, basically in control of their own waivers, with the broad requirements of the Act being present. I think that is the way of the future.

Mr. GUNDERSON. I didn't think anyone would one-up Newt Gingrich on revolutionary ideas in this town, but I think you have found

one. I commend you for it. This is precedent-setting for all of the government, and I really encourage you to pursue it and look forward to working with you on it.

I don't know if you have had a chance to look at today's Washington Post. Diane Ravitch has an article on the op-ed piece, yeah, you have got good staff. She suggests four fixes to the goals. As you know, there is a brewing effort in this country to make some modifications to Goals 2000.

I think I agree with at least three of those four recommendations. My question to you is, are you open to some kind of amendments in order to save the overall purpose of Goals 2000 if we can find agreement in that area?

Secretary RILEY. Well, of course, we are always willing to try to improve things, and, of course, as Congress has the responsibility for Goals in its passage, we would work with Congress in any regard. I was not displeased with this article.

While it points out four areas where there was division, I am sure on this committee and in the Senate, too, and resolve was made, and that is the legislative process, it did make it very clear that Professor Ravitch supports high standards and the concept of Goals, and she thinks that certain things can be done to improve it and make it work better, so I read this and perceived it to be a statement for what Goals 2000 is about, but a statement as to certain corrective actions she thinks would be called for, and that is what the process is all about.

Mr. GUNDERSON. I look forward to working with you in that regard. Thank you very much, Mr. Secretary, and thank you, Mr. Chairman.

Chairman GOODLING. The gentleman from Missouri.

Mr. CLAY. Thank you. Mr. Secretary, first of all, let me tell you that I really appreciate the kind of working relationship that we have had for the past two years and look forward to another six years of that relationship. In your testimony——

Chairman GOODLING. I am not sure where that is going to be, but——

Mr. CLAY. In your testimony you cited some very alarming figures. Forty-four percent of welfare recipients were school dropouts and 82 percent of those in jail were school dropouts, which indicates that there is a direct correlation between lack of education, antisocial behavior, and the need for special government assistance.

Now, there are many proposals that are being advanced in terms of what we should do on welfare and crime. Can you briefly describe for us what ought to be done in the field of education to improve the situations in both instances?

Secretary RILEY. Well, I think the situation that you inquire about and that I discussed is getting more serious, more real every day. The requirements for education continue to grow, the fact that you cannot take a person in the middle high school years and all of a sudden develop the kind of education strength that they can negotiate in this economic world of today. It is high technology, it is education, it is knowledge-driven, and it is then the cause of much of the frustration that is out there in young people who real-

ly have gone through a system and have come out oftentimes without a good education or dropped out during the process.

We think that the Goals 2000 concept, going into kindergarten forward with a challenging, engaging, difficult education experience, again driven by the States, looking to higher standards, making the bar higher to jump over in all cases from a very early age, discipline in the schools, basic skills being hopefully mastered at early years, reading and writing, having third and fourth grade students be able to read and write well and then to move forward. We think that you have to look at this whole spectrum to get this education matter moving in the right direction, and we think that that is the way to do it.

It is high standards, and it is innovation in the classroom and turning teachers loose to do their own teaching in their own way. Every student is different, every teacher is different. Coming out of that process then in high school to restructure the whole concept, the School-To-Work Opportunities Act, I think, is a perfect model then for us doing that.

Having young people in their middle high school years connect up with industry and business, have industry and business in the school, not reducing their academic standards, same high academic standards, skills, occupational standards. In addition, not saying that you go into this experience and spend an afternoon in a bank or a hospital or an industry that you are going to all of a sudden have a watered-down curriculum and you can just float through school not being able to read and write, but the same high standards, that of anticipating also higher education, community college, technical college.

I think when we get these programs moving completely through the system, you will see the community college population double, and you will see an exciting number of community college graduates then going on to four-year college, maybe later in life and so forth, so I think that whole idea, Congressman, you cannot take one simple thing and say this is going to do it and this is going to do it.

I think you have to have the whole thing from kindergarten forward, right on through lifelong learning, the highest level of college going back into college in later life and so forth. That is my concept of what then will turn this country around in terms of human development and human improvement.

Mr. CLAY. I see my time is up, but as I stated earlier, if we are going to have meaningful dialogue, you will need to be here six years to answer my questions.

Chairman GOODLING. The gentleman from Illinois.

Mr. FAWELL. Thank you, Mr. Chairman. I appreciate your words in reference to your belief in the 10th Amendment and most especially as Mr. Gunderson had made reference, the move by the Department away from burdensome regulations. I am not sure if one would classify your statements as being in favor of block grant programs, but certainly it is in that direction.

I would like to, however, just make reference to the Direct Lending Program as perhaps an example of very burdensome regulations. If that is small colleges in my area in western and southwestern suburbs of Chicago land, if their conclusions are correct,

let me just read one particular letter. I won't name the particular small college, but this was a group of presidents of small colleges, and they are making reference to the State postsecondary review entities under the Title, SPRE, but these regulations, and I am quoting, "resulted from the outcome of the Higher Education Act authorization passed by Congress in 1992." In what they refer to as a misguided effort to reduce student loan defaults, massive new regulations were imposed on all institutions, including those like blank blank college, which shall remain nameless, where defaults are minimal, and in all of these small liberal arts colleges I think one can quite accurately say that is so.

In effect, an entirely new system of federalized accreditation is being established by means of creating an intrusive, costly and unnecessary bureaucracy in each of the States called State postsecondary review entities. The expenses incurred by colleges and universities in dealing with yet another agency of government that is unnecessarily duplicative will be exceedingly costly to the institutions as well as to the taxpayers, who will be paying millions of dollars to create these bureaucracies across the country.

Much of the reporting required by the SPRE is duplicative of nongovernmental accrediting bodies, and therefore unnecessarily burdensome at a time when many institutions are struggling to control budgets in the face of escalating costs. The new regulations created by the Department of Education reach beyond the scope of the statute and represent excessive Federal intrusion into matters of educational quality and financial accountability. Could you please comment in that regard?

Secretary RILEY. Yes. And, of course, we have had, Congressman, lots of involvement in that particular issue, the gatekeeping issue, which is very, very important as billions of Federal dollars go out to pay for student financial aid, which is so terribly important. However, you do have to have a strong measure of accountability, and as you know, coming from the Congress, we had tremendous interest. Hearings were held on the high default rates, colleges with a 90 percent of the students not graduating, other examples of kids not getting their money's worth in terms of college, and you have to try to strike a balance, then, in all of that.

We, then, and in the 1992 amendments to the Higher Education Act, of course, Congress then put these new requirements in place, and it is different for higher education. I, too, came from a small liberal arts college, and I have heard from my president and the rest of them, but the fact is, we went through a process, and as you know, with draft regulations, we have made tremendous changes since the first draft went out. I don't know if that is a recent letter or not, but I do know that——

Mr. FAWELL. Within the last three weeks.

Secretary RILEY. Well, that is recent. Most of the colleges and universities have been very pleased with the direction that we have gone, and that is to hear them and to try, then, to relieve the regulatory requirements as much as we could and stay within the law.

Now, I might disagree with him some, and he says that we go way beyond the requirements of the law. I do not think we do that. I will be happy to talk with him or with you or have my staff do that because it is my understanding that we have moved almost di-

rectly in line with the requirements of the law that we just felt like we had to comply with.

Mr. FAWELL. I might just, and I understand there are about 7,000 new regulations, 10 sets of new regulations have just come out in the last couple of weeks. If you would look at that very carefully, I would appreciate it, especially for those small liberal arts colleges where they have never had a real problem. They are the ones that are feeling the weight. They have to actually hire additional staff now to handle the burdens they have. I thank you very much.

Secretary RILEY. I certainly will, Congressman. I would want to point out, though, that that has nothing to do with the direct lending issue, which is also a very important issue, the new direct lending. It is gatekeeping.

Mr. FAWELL. I understand.

Chairman GOODLING. The gentleman from Michigan.

Mr. KILDEE. Thank you very much, Mr. Chairman. Mr. Secretary, it is good to have you back here, have you in the same capacity and I am in a somewhat different capacity now, but it is good to have Mike Smith here also.

Secretary RILEY. Excuse me, Congressman. Mike Smith, I didn't introduce him. He is my Deputy Secretary, and I appreciate letting him join with me.

Mr. KILDEE. He and I have labored together for many years in the vineyard on educational matters. Mr. Secretary, you and I both agree education is a local function, a State responsibility, but a very, very important Federal concern. How should the Federal Government exercise its concern for education while giving the States optimum flexibility, and how, if you could summarize somewhat, how has Goals 2000 and the Improving America's Schools Act, H.R. 6, helped in exercising our Federal concern, while at the same time giving the States maximum or optimum flexibility?

Secretary RILEY. Well, Congressman, that is the delicate balance that I think we all need to continue to try to strike, and it is done primarily, as you know, through the waiver process, through more flexibility certainly in Goals 2000, I think, than anything that has ever come down, but then connecting that up with Title I and with other parts of the Elementary and Secondary Education Act, which then is also driven by the high standards and State control of their own standards and their own school reform, so I think that having school-to-work and having the Elementary and Secondary Act follow in the general framework of Goals 2000 is a very good move in the right direction.

Then to have in the Elementary and Secondary Education Act the waiver authority and then in Goals to have strong waiver authority and even this six-State education flexible demonstration that reaches over into other education acts, giving States a lot more authority under a demonstration, I think, will really lead us in a very good direction.

We will find the weaknesses and the strengths. You do, as you know, have to have broad directions or your money is simply scattered and becomes part of the tax structure of the State or local government. I mean, the Federal Government wants States to deal with disadvantaged kids in terms of Title I and other special needs

parts of the Elementary and Secondary Education Act, and I think that is, then, done in broad terms, and with the waivers and the flexibility built into it is really a strong move in striking what I think is a good balance.

Mr. KILDEE. You have said before that Goals 2000 was one of the most significant pieces of education legislation ever passed and that it had a new approach to the Federal Government's role in education. Could you expand upon that?

Secretary RILEY. Well, Goals 2000 is so different from the education measures that came out of the 1960s which really dealt with almost specific categories, categorical type approaches to things, important things, needed things, and I don't think anybody questions that. The idea, though, of having, say, in Title I a child who is disadvantaged pulled out of the classroom and given some special help, lots of administrative time in getting the child out of the classroom and the disruption and usually less than 50 percent of the time is really teaching the child, to bring that then into a whole-school approach, to help that child's education by improving the education opportunities of the whole school and thereby lift up the whole school.

Those concepts, whole school approach, the waivers, the flexibility built into Goals on to Title I, and the Elementary and Secondary Act, I think, is very innovative and different from the categorical grant programs of the 1960s, and it is—of course, Goals does not deal with a specific problem, a special like a disadvantaged kid. It deals with the overall enhancement, raising high standards for all children, and it, I think, is totally different from the old way of doing it, and I think it is the right way to go.

Mr. KILDEE. Thank you, Mr. Secretary.

Chairman GOODLING. I want to compliment the gentleman from Michigan. He showed everybody how you can get two questions in in five minutes if you don't talk too much before you ask the questions. Now, have you two decided down there who was here first?

Mr. BALLENGER. He held me off, Mr. Chairman, but I was really standing just inside the door.

Chairman GOODLING. I will recognize the gentleman from North Carolina.

Mr. BALLENGER. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. Following up on Mr. Clay's approach, one of the most embarrassing things that I have ever had happen as a businessman was to have a young man or a young person come in and want to apply for a job, and the first thing they say is I am terribly sorry I am in a rush. Would you mind if I took the blank, the application with me, and I will turn it in tomorrow, and you know immediately either that young person can't read it or can't fill it out, and it is embarrassing to see such a thing.

I think as a businessman, and things have changed substantially in the business world, and the fact, as you know, in North and South Carolina, our unemployment rate is so low that we are trying to find employees, and we cannot compete in the world market with uneducated workers, and so a very large number, I know, from my own company, for example, when we built our last expansion, we put a school room on the back end of our plant and luckily working with the community college system there in North Caro-

lina, they would come to our plant during working hours and we have taught English to Vietnamese and we try to teach math to the employees there, basically recognizing that—and we aren't really trying to work on high school equivalency because we probably passed that, but what we are trying to do is somehow develop those uneducated people that the system failed and help them to become worthwhile workers. And I just would like to take a little example of Isothermal Community College, which is up north of Rutherfordton in the State of North Carolina.

They graduate more high school students from the community college than they do from the school system itself, and with the knowledge that business is very interested somehow in upgrading the quality of our workers through educational purposes, can you see any way that the Federal Government might encourage more businesses to do this?

I mean, it is self-serving as far as the business is concerned. They are willing to spend the money, but if somebody gave some kind of general direction without specifics, can you see any purpose where the Federal Government might be involved in that?

Secretary RILEY. Congressman, I think most of those efforts would be State and local efforts. The community college, as you describe the one in your district or one of them, is a real success story in this country, and many of the young people who came through the system and get on the other side and come in to get a job, as you describe, can't read and write, certainly not well, struggling. You can imagine the humiliation, the embarrassment that they are going through as they realize how inadequate they are.

This opportunity to go into community college and a large part of their work turns out to be remedial work, stuff they should have had in the 8th, 9th, and 10th grade, but what a tremendous role those colleges have played for this country, and, of course, community colleges are part of our Student Financial Aid Program completely in terms of Pell Grants and student loans and all of the other aspects of it.

They are very active in all of those programs because many of their students qualify, but the feeling I have is that we should do all we can to provide the kind of support for the student to be able to choose that kind of an avenue, but as far as getting into the special work with a plant site, normally that is looked at as kind of a State and local involvement, but it certainly works, I will tell you.

In the future, I would hope if our system worked right that if we can get standards lifted all across and build discipline back into the schools and whatever, then the whole purpose and role—I mean, there are more people in community colleges, but they will be doing entirely different work. Instead of the remedial, they will be doing things that would be relevant to the workplace in a very real way, so I think we are in a transition period, a difficult period, but community colleges, thank goodness for them.

Mr. BALLENGER. Just one more statement along those lines. The three counties which I represent, we all recognize the fact that we have a bunch of students that don't make it or won't make it, and looking for workers. It is self-serving, pure and simply, but looking for some future. We picked up on the I Have a Dream Program,

and we go to the sixth grade students and say if you will stay in school we guarantee we will pay your way through community college and stuff.

Business is substantially interested in doing everything they can to upgrade and assist in the education of these students. I am just offering this as an idea that we have had to use in western North Carolina, but somewhere along the line to have the business, more businesses involved in assisting in the education is the point I am trying to bring up. I don't know if that is feasible as far as the Federal Government. If the regulations go with it, forget it. We will do it with the States. I would much rather do it that way.

Secretary RILEY. Well, it is certainly well called for, and enlightened businesses are getting involved in those ways, and it is a very tremendous benefit to the country and to the community. The School-To-Work Opportunities Act will hopefully deal with that situation in a very real way, getting young people in the 11th and 12th grade out in industry, the very kind of thing you are talking about, so you will have the opportunity, and that is taking place in all 50 States. It is in the beginning stages, to really deal, work with high school students, and then community college students because it anticipates them going into community college, so I think that program is going to be a very tremendous benefit.

Mr. BALLENGER. Thank you, Mr. Chairman.

Chairman GOODLING. It has been requested by the press that I give your State and your name, so the gentleman from Indiana, Mr. Roemer.

Mr. ROEMER. Thank you, Mr. Chairman, and welcome, Mr. Secretary. It is truly great to see you in such great health and fully recovered from the surgery of the fall. We look forward to working with you.

Secretary RILEY. Thank you, and please have your PSA tested when you go for your annual physical. That is good advice, especially some of you older people up there.

Mr. ROEMER. You are not mentioning any names there.

Secretary RILEY. No, you are way too young to worry about it, I am sure.

Mr. ROEMER. I have two questions, Mr. Secretary. One involves last week's test of the teachers for certification where 81 out of 289 teachers were certified in taking a national test. That is about 28 percent. Is there a Federal role in encouraging a higher success rate? What might that Federal role be? Is that the State responsibility? Do we try to reward success? That is the first question.

The second question would be in terms of your experience as Governor of South Carolina, you initiated an extraordinary list of initiatives to reform education in your State. We are going to hear from the next panel that other people are doing that in different States. However, one of the roles of the Federal Government is to also say to States that maybe uniformity is not our desired goal, but at least equality of opportunity for children is, and when States lag behind either in results or in initiating reforms, is there a Federal role to bring the States, to encourage them to attain better results for children?

Secretary RILEY. The question regarding the national board, that is, I think, a very worthwhile undertaking. It involves some Fed-

eral dollars through our research wing, OERI, and did before the current administration came in office. It was started in like 1987, and this was the first group to receive their certificates. It is very, very difficult to reach this national certification level. However, teachers' organizations, business, States, local education folks all support this effort.

I think it clearly will raise the level of standards for teachers. It will take some time, and you have to understand, you mentioned the 81 out of almost 300 that got their certificate. A number of additional teachers in that group will get their certificate. They just haven't worked through it yet because it is very rigorous, very, very difficult.

When they do, it is really a national recognition that this is an exceptional teacher. I think it is going to have a very good effect. I think you will see more and more teachers into that category. It is right expensive.

Any evaluation system of teachers is expensive and often controversial. This has been accepted by all the different parts of the education family, and I think it really has a very encouraging side to it, so don't be discouraged by the fact that there was just 81. That is 81 great teachers, and it is going to grow and grow. If you are going to have high standards for students, you have to have higher standards for teachers and for principals and so forth.

Now, the other question regarding reform is, of course, that basically is a State and local matter as to how they bring their own reform out. It is done differently, perhaps, in one State than it is another, and works as well. The Federal Government, of course, is interested in the broad outline in terms of Goals 2000, as far as results are concerned. The State develops their own standards, their own testing to their own standards, and that is then information that is derived in the process.

It is our belief that if there is inequity in that system showing up in that process as a result of how students do, then it will correct itself. The public itself will see to it that the elected representatives correct it. It is our job to kind of point that out, to show what is happening, what is working, what isn't, share that with other States and other school districts.

Mr. ROEMER. Thank you, Mr. Secretary.

Chairman GOODLING. The gentleman from Michigan, Mr. Hoekstra.

Mr. HOEKSTRA. Thank you, Mr. Chairman, and welcome, Mr. Secretary. A couple of questions for you. We are going to hear other testimony, and I have heard feedback from education officials in my district. I just wonder if you have heard or have done an analysis of what and where the systemic costs are in education.

I hear feedback that says, you know, getting money from the Federal Education Department, the categorical grants, you know, we have to fill out an application. We are hiring special grant writers. The money, or the application then comes to Washington for review processing. It is granted, and then we have to fill out reviews and rules and regulations, and then you combine that perhaps with some unfunded mandates. Have you done an overall view of what the costs and how they are allocated throughout the educational system?

Secretary RILEY. Well, as you know, many of the programs that Congress instructs us to handle call for competitive grants. That is a process that, then, you have to very carefully go through to make sure you are fair with everybody, give everybody notice and so forth, and it is, you know, it is frustrating, I am sure, rather than just sending somebody a check and telling them this is what we would like to see you spend it on in a general way. Here is the data, you come in and compete and then you get into a lot of, you know, I am a small school and we don't have the funds to hire grant writers and so forth, so—but that is a part of it, and we have to do, of course, what Congress instructs us to do.

There is a good side of that. Usually, the feature of it is you don't have enough money to go everywhere, so you have to have competitive grants to cover the best of the programs that are out there. Now, our Department, and I am proud to say, is very careful about the money we spend in terms of Federal dollars to run those programs and have those competitive grant processes.

Our costs in terms of our budget for administrative costs of the Department of Education are around 2 percent, so we are pleased at that, and we work very hard at it, and we are still going through the second phase of the Vice President's Reinventing Government effort, and will push it down as far as we can, so our costs, we think, are keeping those down, and much of the other cost is the result, I think, oftentimes Congressman, of the competitive grant process.

Mr. HOEKSTRA. You haven't really taken a look at what those costs might be at the local level, either, as applying for the competitive grants or what the cost might be of Federal mandates?

Secretary RILEY. We would be glad to do some work on that. We don't have any one number on it. If you think well of it, we would certainly be happy to look at a way to analyze some of that. I think it might be some good information.

Mr. HOEKSTRA. Okay, great, thank you.

The second question is, and all the people from Michigan have learned to use their time efficiently, and I have taken a lot of lessons from my colleague on the other side of the aisle on that, but with the mandate—I came from the business world, and the constant change, innovation, some of it good, some of it works, some of it doesn't, and the research in the Education Department that is done, have we fostered an educational environment that really is changing or is open to change as fast as what the times may mandate?

I mean, are we encouraging innovation and excellence or is there a bias towards—are there forces in the system that are locking us into old practices? Do you have any observations on that?

Secretary RILEY. Well, I think perhaps the answer is, no. Times are changing in such a rapid way that it is awfully hard to keep up, and education systems in place follow that change. I think we have done a great deal, though, to open that process up, and certainly the great majority of that has to come from the State and local areas because we do not get into curriculum and how they teach and so forth and shouldn't, but I do think that technology is going to play a major role in education in the future.

We have gotten very heavily involved in that in terms of Goals 2000, in terms of Title I and other uses of funds. I would hope that we are rapidly reaching the place where we are completely tuned in to the changing times, and I think we are just about there, but you raise a good point in that things happen so quickly. These education requirements have changed so, the kind of education opportunities have changed so through technology that really we are beginning to catch up, but we are working very hard at it.

Mr. HOEKSTRA. We look forward to working with you in driving innovation and excellence in education. Thank you very much.

Chairman GOODLING. The gentleman from Montana, Mr. Williams.

Mr. WILLIAMS. Thank you. Mr. Secretary, it seems that this committee, like many others, is involved now in a kind of a sorting out process or an auditing process to determine, I suppose, what works and what doesn't, what mandates are legitimate and which ones aren't, and we are asking, as I get it, for your help in that process.

Along that line, does the Department have a library of studies that have been done which could assist us in determining which of the Federal efforts have been productive and which may have been less productive? Do we have a study that says, yes, Head Start worked, Chapter 1 worked, Pell grants worked, guaranteed student loans all achieved their desired purpose?

Secretary RILEY. Congressman, we do. As you know, we have our Office of Education Research and Improvement really is in that field of interest, and we have periodic reports that go out and measure the successes and the failures of various programs. That is kind of a continuing programmatic research which is different from another kind of research, which is really looking at something that is not in existence, but, yes, we do follow through.

Mr. WILLIAMS. It seems to me the way we may be most helpful in this kind of an audit is to first understand what it is the Federal Government has tried to do throughout the 200 plus years history of this country since the Federal effort began almost immediately with the founding of the country.

The Federal Government has not, as you know, Mr. Secretary, primarily been involved in trying to lift the quality of education in America. We have left that to the local levels primarily. We have simply been trying to provide access to everybody to whatever quality of schools the local people want. Sometimes it required Presidents to federalize the National Guard to make sure that we had access. Other times it required programs like Pell Grants, guaranteed student loans or Head Start to be sure we had access and equity.

We need studies. We need the results of the studies to tell us whether those Federal efforts worked because if they did, then it seems to me we ought to continue them and perhaps we ought to even fund them to a greater degree. If they are not working, then we ought to get rid of them.

Now, I don't want to indicate that this committee has never previously looked to find out whether these programs work because we constantly do that, but inasmuch as the Chairman is very serious about this effort that he has embarked us on, has asked you to come forward, I think it might be helpful to the Chairman and the

committee if you would share with us the results of the Federal efforts in education as to whether or not we are delivering the product that is proposed to be delivered when those programs started.

If the end result of all of this is simply revenue sharing to the States under some kind of block grants, then I think I would oppose that. It seems to me that we can just leave that money at home. You don't need to bring it here to create a program of access to try to get little black girls or little Crow Indian children into the first grade on an equal footing with their counterparts.

If we are not going to do that, then let's just cut the taxes and leave the money at home, but if that is a legitimate 200-year Federal effort and if programs like those that the Federal Government has been embarked on all this time are legitimate, then it seems to me we ought to continue doing those.

Now, to me, those aren't mandates. Those aren't unfunded, burdensome, regulatory mandates. Those are legitimate programs that have significantly increased access, equity, and equality to our schools. So, Mr. Secretary, whatever assistance you could provide us in determining whether these programs work before we decide to block grant them all and simply leave—send the money back to the States to do whatever they wish with it, I think you could be of help to us in sending up some data to tell us whether or not we have been successful in these last, particularly these past 75, years.

Secretary RILEY. That makes an awful lot of sense to me, Congressman, and I think in this inquiry that the committee is looking at this morning, the Federal role, as you point out, I think that would be a very logical step to take, and we would be very happy to work with the committee in that regard, and we will look at the various programs and give our best analysis of what is working, working well, and so forth. I think that would be very helpful.

Mr. WILLIAMS. Thank you. Thanks for being with us. We are glad you are back and feeling well.

Secretary RILEY. Good, thank you, sir.

Chairman GOODLING. The gentleman from California, Mr. McKeon.

Mr. MCKEON. Thank you, Mr. Chairman. Welcome, Mr. Secretary. Good to see you again. I am going to try to get in several questions.

There is a widely held belief that education at the Federal, State, and at the local levels has grown top heavy with bureaucracy. What actions do you believe that the U.S. Department of Education, the State Departments of Education, and the local school boards can take to reduce that bureaucracy and streamline functions?

Secretary RILEY. The bureaucracy is a word I don't particularly like, and I have worked to try to streamline it in every way I could since in my position. You get into the problem if you get too far in that direction, Congressman, of losing accountability.

In other words, it is a balancing act really. If you are going to have accountability, you have to have a certain amount of so-called bureaucracy, and we do deal in large numbers of dollars that go to colleges and universities and proprietary schools and so forth, and to K through 12, and we do, then, have to be very careful about

that, and the question earlier about the bureaucracy in terms of gatekeeping, how do you know this school qualifies and this one doesn't, so it is a tough decisionmaking process, a lot of them in a gray zone. However, by tightening that down, we have dropped the default rate.

For example, in the area, I know your subcommittee you will be involved with in terms of defaults from 22 percent down to 15 percent as a result of the 1992 Acts of Congress, which we then struggled to put into effect. That is more bureaucracy, and we tried to, then, do that in as mild a form as we can, but to tighten that down we had to put in some restrictions and put in requirements, so my answer is basically we want to keep the bureaucracy down, to streamline as much as possible. Technology enables you to do that.

Another thing in your area, of course, direct lending, the idea of having a direct stream, money moved by electronic means. Instantly, all of that is so much different under the direct lending process, so we are working towards less bureaucracy, but we do have to be careful about seeing to it that the accountability feature is adhered to.

Mr. MCKEON. Thank you. What should be the role of the Federal Government in the area of work force training, the Federal role, the State role, and the local community's role in the work force training?

Secretary RILEY. Well, I know you had Secretary Reich in here yesterday. Of course, we have recommended this education, training and reemployment concept, which involves, hopefully, pulling into a one-stop type operation where a person who is unemployed or underemployed in needs and desires and is entitled to training can come and get counsel and then in substance has control of their own decisionmaking as to whether they want to go to the community college or to another proprietary school or whatever. And it is a combined responsibility, then, with Federal dollars going to support the individual's opportunity to get additional training, but the training itself would be done, State and local, generally in most cases, so that is kind of our concept of the best way to do that, to empower the individual with some Federal dollars, much like a Pell Grant is done in college, but to empower an individual with a scholarship or a grant to then move in the direction they would like to move. Now, that is kind of what we think would be an ideal way for the Federal Government to look.

Mr. MCKEON. Thank you very much. I see our time is about up. I do have some other questions, and I will get them to you in writing, and we had a nice visit yesterday and I know we will be able to visit more as we work on these areas. Thank you.

Secretary RILEY. Thank you, sir.

Chairman GOODLING. The reason I am looking around, Mr. Secretary, as you know, the next two witnesses have planes, and we were hoping that both would be here now, and I understand you have indicated they could give their testimony and then they would be sitting there with you, but apparently they have—okay, let's have the mayor come at this time.

Were you aware of this, Mr. Secretary? Were you aware of this, Mr. Secretary?

Secretary RILEY. No, but a lot of things happen I am not aware of.

Chairman GOODLING. I thought we cleared it with your staff.

Secretary RILEY. I am sure you did.

Chairman GOODLING. If at this time the Honorable Bret Schundler, mayor of Jersey City in New Jersey.

Mr. SCHUNDLER. I like that.

Chairman GOODLING. If you will have a seat and give your testimony, then maybe when the other one arrives we can do that, and then we get back to the Secretary's questions.

STATEMENT OF HON. BRET SCHUNDLER, MAYOR, JERSEY CITY, NEW JERSEY

Mr. SCHUNDLER. I want to thank you, Mr. Chairman, and I want to thank the members of the committee for allowing me an opportunity to speak with you. I am going to shorten my remarks because I understand that most people are more interested in time for comments.

I want to say that from my perspective we have a massive problem on our hands. Jersey City, I sometimes say, is like New York City, which is rich and poor, only we don't have the rich, and the result is that not surprisingly we have a very high failure rate in our schools. We have half of our children who don't finish school right now, and of the half who are there, only 40 percent of our 11th graders could pass their New Jersey high school proficiency test, which is a test measuring basic math, reading, and writing skills. So when only 40 percent of those who are still in school are passing, we know that our children are being robbed of an opportunity that they will need in life, to be able to succeed.

I am convinced that the reason is not for lack of money. We spend in New Jersey twice the national average, and it is not because urban administrators are incompetent or corrupt, although that is sometimes thought. The reason is because the children are tremendously disadvantaged. We have 40 percent of our families in Jersey City which are on fixed income, either welfare or social security. That compares to 13 percent as a statewide average of families which are on fixed income.

Now, the reason we have this problem is, in my opinion, because we have a system which is focused on regulations and not focused on results. We are effectively trying a command and control approach to education developed, as some of your prior witnesses have said, in the 19th century.

In Germany and Prussia where they developed our modern approach to education, in those days corporal punishment was part of the process, and if your approach to education is going to be to dictate that this is what you will learn, corporal punishment is going to be necessary, and it will work to that extent. But now we have a system where you don't take that approach, and you have children who aren't going to be punished if they don't learn exactly what you tell them, and yet we are still taking this approach for talking to them and they don't have any immediate penalty for not listening, and we are not really working at making sure that they are engaged and interested.

All over America we have examples of schools which are working, not just in the suburbs, but also in the cities, not just in private schools, but also in public schools, not just with children who are advantaged, but also with children who are disadvantaged. But what is the common denominator in all of those schools is that they take a child-focused approach to education.

In many of those schools we have actually had the administrations which have decided that they would rather break the law than not be able to help children, and, for instance, in east Harlem where they put in a Schools of Choice Program, the administrator of the east Harlem school district effectively said to teachers, I am going to allow you to not worry about the regulations, focus on the children's needs and create an array of different programs tailor made to children's different needs, and then we will allow parents to look at that array of programs, and enroll their child in the program which is most suited to their particular child.

Well, the result was that in just 10 years that school district, which like my own is low income, which like my own has a great number of their students who don't speak English at home, they went from being the lowest scoring out of 362 school districts in the City of New York to the 15th best.

Now, the approach they took was called creative noncompliance, but it shouldn't be that you have to break the law to be able to help children. It should be that teachers have the liberty to do what it takes to help a child.

Right now I have absolute segregation in my public schools. I have two public schools which are 98 percent minority and almost 100 percent low-income because if a student is actually violent and the teacher sends that child out of the classroom to the principal, the principal will say, well, what do you want me to do with him and send him back, and so for parents who don't want their child next to someone who is violent, if they have the money, they leave, and so we have created an absolutely, economically, and in these instances, also racially segregated public schools, but not one of our private schools in Jersey City are segregated like that.

And we have also a public school called Academic, which is fully integrated. It is one-third African-American, one-third Hispanic and one-third white and Asian. What makes that school different is it operates like a private school. It gives teachers the ability to say if you don't behave, you can't be here. Not surprisingly, students behave and no one runs away because no one has any reason to fear for their child being there.

I might add, it doesn't help a child in a class of 40 who is emotionally troubled or who is violent for no one to pay special attention to their needs. It makes a lot more sense to say to that child, you have to behave or you can't be here, and then if that child does not behave to have a program where someone will focus on their particular difficulty, where someone will mentor them, where instead of being one of 40 children where the approach is not focused on them, someone does take them aside and say we want to turn you around before your life and your future is lost.

It would make a lot more sense to give teachers the ability to do that, and there are teachers who wanted to work with challenged children, but they know they will need to take a different approach

with them. In Jersey City we have the Kenmer School, which happens to be a private school. The Kenmer School doesn't work with just the easy children. It only works with children who have dropped out of the public system.

Most of their students are women who became pregnant while teenagers, and having a child and then they dropped out. Having a child and not having a diploma, they couldn't get a job and they ended up on welfare, so we are just compounding a problem.

It makes many people throw up their hands and say we just can't do anything. The difficulties are too great, but the school said we are going to take a focus. We are not going to try to be all things to all students. We are going to try to help these young women, and so they created a school with a day care program right on site, and they created a school that had job training and job placement right on site.

Some of the women would get, their child would get sick, so they would have to take time away, but that was okay because they knew that was a situation the woman was facing, so they created the flexibility to allow a woman to take time away, and as they worked with these women they found out that some were homeless, and that is a great impediment to learning, and so they put a residential facility right on site.

Eighty percent of their students now graduate and get placed into jobs and get off of welfare. Now, the success stories across America are all the same. What happens is you give teachers the authority to create programs that may not be all things to all people, but can specifically help children with a given set of problems, and then you give parents the power to choose that school for their child.

I want to point out that I am a Republican mayor in a city which is 65 percent minority and only 6 percent Republican. Why did anyone vote for me? It is because I went to housing projects and said, listen, we are spending $9,000 per child, and you know that only a small number of children are graduating. In fact, in many of our neighborhoods, more students have been in trouble with the law by the time they are in high school than will finish high school. And so I said to those parents, don't you think that if you had control of $9,000 and that you could choose the school that you want to send your child to, public or private, don't you think you could get a great education for your child?

Not one of those parents said I don't understand that idea. What they said was thank you, and thank God that someone is going to let me get an education for my child that will work and not make me beg the politicians to reform the schools.

What I have proposed for Jersey City is effectively a two-tiered voucher program, one where we have one voucher for public schools and one voucher for private schools. The public school voucher would be dependent on the child's special need category because there should be more money for children with greater disadvantages.

Again, we are spending $9,000, an average, would be much greater for some children, somewhat less for others, but then there is a second voucher we are proposing which would cover the cost of our very inexpensive private schools. Our average private gram-

mar school in Jersey City is only $1,700. They are not there to make money, they are there to serve the disadvantaged citizens of my city, and if we made money available for children whose parents feel that that school is best for them, what is wrong with that?

You know, Governor Florio, when he was Governor, brought in the National Governors Association subcommittee on welfare reform to Jersey City to visit the Kenmer School, the school that only worked with women who had dropped out, and he held it up as a model of a program which is helping get women on welfare off of welfare and into the workplace. And I said, Governor, isn't it ironic, which the school you hold up as a model doesn't qualify for one dollar of educational assistance? They can get housing aid, they can get aid for the Job Training and Job Placement Program they are working, but because of the powerfulness of the teachers union they can't get any education aid.

Well, the bottom line is if that is the only program that can work for those women, then we shouldn't say to those women, you can't look at a private program. If a private program is what will meet your needs, you should be able to go there. So what I have proposed, what I propose here, if you read through my comments, as far as the Federal role in education is not to try to create all the solutions from above, but to allow the local, those closest to the problem to seek out the best solution, and those closest to the problem are parents.

I would personally love to see a Federal refundable tax credit where those with income could use their tax credit to pay for their children's education and those without could get a voucher to do so. But alternatively a way we could do that is to create a Federal tax credit for the State income taxes raised to pay for education.

This would allow all of you to know that the States would raise the funding necessary because if you are going to have a Federal credit for State taxes, there is not going to be any disincentive whatsoever for a State to raise money necessary to properly fund education.

Doing it that way would insure that we would not have to fear the Federal Government coming in and laying regulations all over that money, and that would allow those who are closest to the problem to use that money most efficiently to help their children. I will leave my comments at that and then answer questions.

[The prepared statement of Mr. Schundler follows:]

CITY OF
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**JERSEY CITY MAYOR BRET SCHUNDLER'S
TESTIMONY TO THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES**

Regarding the Federal Government's Role in Education and Workplace Policy

**2181 Rayburn House Office Building, Washington, DC
Thursday, January 12, 1995**

Chairman Goodling and Distinguished Members of the Committee:

Thank you for the opportunity to address you. I'm going to limit myself to commenting upon the federal government's proper role in education policy, although the decreased regulation for which I call will have obvious implications for workplace policy as well.

First, with regard to primary and secondary education in America, let me say that we have a massive challenge on our hands.

In Jersey City, New Jersey, where our problems are representative of those found throughout urban America, we have less than half of our public school students finishing 12th grade. Moreover, when we examine the standardized test scores of those students who remain in school, this year only 40% of urban public school 11th graders passed the New Jersey High School Proficiency Test, a basic skills test which must be passed in order for a student to receive a high school diploma.

The reason so many of our urban young people either drop out or, if they survive in school at all, perform poorly on these basic skills tests is not that our public schools are underfunded, and is not, contrary to popular opinion, that urban school administrators are corrupt or incompetent. Rather it is because so many of our inner-city young people are severely disadvantaged and come to school with extraordinary needs and challenges which our bureaucratically rigid, government-run public schools simply do not address well.

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Our suburban schools are not better than our urban schools at addressing these great student needs, but their weaknesses are less apparent because they have fewer students who come to school with such disadvantages.

So, as far as I'm concerned, we have a major problem, and what is more, in my opinion, the federal government is part of that problem.

The reason I make this latter point is that all over America we have examples of schools which are succeeding, not only in the suburbs, but also in the cities; not only in private schools, but also in public schools; not only with advantaged children, but also with disadvantaged children. The common denominator in almost all of these success stories is that the administrations of these schools have in some way broken away from top-down, bureaucratic government control, and have put their focus on creating programs that address the special needs of their children.

The notion that our schools should be child-centered, not regulation-centered; the thought that we should welcome the contributions of all those who want to share of their resources, whether financial, material, or human, in order to help meet the education needs of our children (regardless of whether those who want to help are state certified or not, and regardless of whether they are religiously affiliated or not); the principle that educators should be free to innovate, and should be encouraged to develop a variety of creative programs that are specifically designed to address the needs of a very diverse student body; and the concept that our parents should be free to review this wide range of educational opportunities for their children, and whether public school or private school, should be able to enroll their children wherever they believe their children would best be served -- these ideas may not sound radical, but they would represent an absolute 180 degree turn from the increasingly rigid, top-down approach to education that our public schools are taking today. The federal government has contributed to this disturbing trend through the ever increasing number of mandates that it has attached to the education dollars it offers to the states.

Our public schools today are not child-focused. They take their direction from mandates sent from above -- mandates, I might add, which in many instances have their origin in faddish educational theories which would never get far in real live classrooms where real live educators work with real live children. Yet, because many such theories at times may have great political potency in the halls of Congress or in the halls of our state legislatures, they become not only optional, but the law.

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Our education policy today, rather than inviting scientists, and business people, and government officials, and religious leaders or organizations to teach, or to share their buildings, or to run their own schools, or in some other way to help educate the next generation, generally discourages such full participation. As a result, in protection of a government monopoly, we don't even reach out for 99% of the resources that could be brought to bear on the task of educating our children.

Our education policy today, rather than encouraging educators to develop a wide diversity of educational programs, and rather than giving teachers real authority in their classrooms, instead takes a one-size fits all approach to education that unintentionally sends the message: "This is the way we teach children, if this doesn't work for you, too bad!"

Let me repeat the point, mandates aren't optional. They are the law. Every mandate, by definition, reduces every educators' ability to use the resources available to him or her as freely and efficiently as otherwise would be possible. Every mandate ties our teachers' hands. And because mandates are law, they must be enforced. And because mandates must be enforced, bureaucrats must be hired to enforce them. And because bureaucrats don't work for free, every mandate not only ties a teacher's hands, but reduces the educational tax dollars that are available for teachers to use in the classroom.

The combined result of all of these factors is that the private sector is largely excluded from being a part of the solution to our nation's educational problems. And within the public sector, teachers have been robbed of the authority and the resources they need in the classroom to create programs which address a child's special needs.

Let me beat this dead horse a little further and review with you some numbers. In Jersey City, in many classrooms we have over 40 children. At an average cost per child of $9,000, we are spending $360,000 for many classrooms with a single teacher in them. And yet frequently, our teachers have to reach into their own pockets to pay for basic supplies like pencils and paper. Why? Because there is no money. Taxpayers are forking over $360,000 for one classroom full of children, and there is no money.

New Jersey spends more per child on education than any other state in the nation, and yet according to the American Legislative Exchange Council, we are 48th in the percentage of those dollars which reach the classroom. The overwhelming

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majority of our tax dollars go for payroll, yet only 34% of education spending actually goes to pay for teachers' salaries and benefits. What is all the rest of the money being spent for? It's going to pay for bureaucracy to make sure we aren't wasting any money!

That may sound funny, but this is serious business.

Our education policy, rather than enabling parents to put their children in the school or program -- public or private -- where their children would best learn, takes away that power, and effectively makes war on America's families.

That is strong language, but it is the truth. The United Nation Declaration of Human Rights states that "parents have a prior right, over the state, to choose the education that shall be given to their children." School choice, in short, is a human right. Yet when America's governments tax America's families so heavily, that only families of means can still consider private options for educating their children, then that government has set itself against the rights of its people.

Not one of you, and not one of my state legislators in New Jersey, would send your or their children to Jersey City's public schools. And yet, the families of Jersey City, unless they are of greater means than most, cannot afford any other option. If we had 100% taxation in America, and you were forced to send your children to the D.C. public schools, you would understand this point thoroughly. But as it is, federal, state and local government in America only take 44% of national income, so those of greater means, such as federal and state legislators, can afford either to live in the suburbs or, if they choose to live in D.C., can afford to put their children in private school. My constituents don't have such options. Given their lower incomes, what's left after government's 44% take is not enough for them to consider life in the suburbs or to pay for private schooling. The government, in taking away their money and not providing for school choice, is violating their human rights.

The answer, of course, is not to end public support for education -- it is to open up education for far greater public support.

I am the Republican Mayor of a city that is 65% minority and only 6% Republican. How was I elected? I went into Jersey City's public housing projects and let parents know that we are spending $9,000 per child in our public schools. Then I asked those parents, if they had control of up to $9,000 for each of their children, and they could choose their child's school, public or private, whether or not they thought they

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would be able to demand a great education for their children? Everyone of them understood my point, and agreed they could.

We know that federal and state government mandates are passed with the best of intentions. But the fact is, mandates hurt!

The citizens of Jersey City know that schools will never serve their children's needs until they are no longer controlled from above, but rather authority and resources are kept in the hands of educators who are directly accountable to parents through voucher programs.

My recommendation for you here at the federal level, therefore, is to deregulate education.

Block grant the monies you are willing to commit to education back to the states, or better yet, establish a federal refundable tax credit for state taxes raised, or individual expenses incurred, for education.

Abolish the federal Department of Education and make it an Office of Education that responds to the President.

Have the sole purpose of that office be the funding of educational research and creative educational pilot programs, such as Senator Joe Lieberman's proposal to fund pilot school voucher programs.

But impose no mandates.

The educational challenge we have before us is great. We need to focus all of our attention on meeting the needs of our children, not on imposing a one-size fits all approach to education from above. We need to marshall all of the resources of our society on educating our children. Let's let private schools, private companies, and private individuals be a part of the solution. We need to give educators the authority and the resources they need in the classroom to create programs that will work for even our most disadvantaged children. And most of all, we need to enable parents to search out the very best education available for their children, whether public or private.

We need to put our Schoolchildren First!

Thank you.

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Chairman GOODLING. Thank you. The gentleman from Virginia, Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

Secretary Riley, one of the problems we have had is that, as the mayor has indicated, low income youth are just not getting educated. They can spend apparently phenomenal amounts of money and still not get the education actually accomplished. We are using essentially the same strategy that we had 50 years ago. What can we do as a Federal Government to help the education of at-risk youth?

Mr. Chairman, did you want me to suspend so that——

Chairman GOODLING. No, go ahead.

Mr. SCOTT. What could we do as a Federal Government to help localities, States and localities actually figure out how to effectively educate at-risk youth?

Secretary RILEY. Well, the research and the opportunity to be a receiving center for good ideas is one that really the Federal Government uniquely has, and we are the connecting link of good ideas from State to State and from school district to school district, and that is a very important role, we think, Congressman, that we play, and that is to work with schools and school districts and States throughout the Nation to share ideas of what is working well in other areas and to help them then implement some of those ideas. We are very much involved in that very process.

Mr. SCOTT. The Chapter 1 gives more money to those, gives more resources, but are the techniques on how to actually get it done, is that information getting out and being used?

Secretary RILEY. Yes, I think it is. As we get more into States developing standards, challenging standards and challenging assessment to reach those standards and then they put that challenge on the local school districts and the schools within the State, I think you are going to see an awful lot of activity going on in the country where people are looking for better ways to do things. That is not for us to tell them how to do, but to certainly make that information available, and things in Title I, for example, in the whole school approach which really can be using Federal funds to involve the school itself into innovative and overall improvement is going to be part of it.

Mr. SCOTT. Mr. Secretary, you mentioned, you made a comment that the community college enrollment will double in the next few years.

Secretary RILEY. That was my hyperbole, perhaps. It is without—my research man here probably tugged at my coat when I said that. I think it is probably going to double.

Mr. SCOTT. Well, Mr. Secretary, the numbers in Virginia in higher education, I think the numbers are that some tens of thousands of additional students will be in higher education in Virginia and, obviously, there has got to be some Federal participation in creating the infrastructure so they will have somewhere to be educated. Let me get to a related area of higher education.

One of the areas we have had problems with is the career schools. Some, in fact, don't provide any educational benefit, others are extremely effective in giving people the job skills it takes to get

a job, taking people from welfare or very depressed situations and creating real live job opportunities.

Many of these schools have been very much hurt with the default rate category because they have got essentially open enrollment. Take a very low-income group and even if most of them get real jobs and could pay the loans back, we have made some progress. Comparing them on the same standard with the elite liberal arts colleges is obviously unfair. How does a direct loan program get us from under this problem?

Secretary RILEY. Well, and it is a problem, and it is a problem when you look at statistics, and you have one school that is made up of a student body primarily of very poor students, struggling students, single parents with children, and you look at another school that students are generally well to do or certainly come with strong scholarship grants help, and it is entirely different, so you look, then, at graduation rates, and you see in that school that has people coming and then they go to work for a couple of years, they go back and take in courses and the statistics look terrible oftentimes, and you say, well, you know, very few people are graduating and the school is not doing a job.

The gatekeeping, as I discussed earlier, Congressman, the gatekeeping responsibility we have is a very serious one, and we take it serious, but you do have to weigh that with a very heavy amount of Federal dollars that are going into those schools through the students.

Mr. SCOTT. Mr. Secretary, before my time runs out, you do have the sensitivity on that, and I want to express my appreciation for that sensitivity. I just wanted to make a comment before my time runs out that the mayor indicated that in many towns, as people get in trouble and people have to be removed from a classroom setting, in the better schools they aren't kicked out into the street. They are kicked out into another setting, and I think that is a mistake that we make many times when we get ourselves into a great deal of problems. Thank you, Mr. Chairman.

Chairman GOODLING. I would yield to the gentleman from Wisconsin——

Mr. ROEMER. Mr. Chairman.

Chairman GOODLING. Excuse me, Mr. Secretary, how is your time?

Secretary RILEY. Mr. Chairman, I am at your mercy and pleasure.

Mr. ROEMER. Mr. Chairman, I have a parliamentary inquiry. I hate to be a pain in the neck like I was yesterday, but I just need some clarification.

With respect to the two panels that have been set up, I have had the opportunity to have my five minutes for the first panel. How will we proceed? Will members now have the opportunity for five minutes to ask the Secretary questions? Will those five minutes be afforded to ask the Governor and the Mayor and the Secretary questions and then will we start a second round for those people that have already asked questions to be able to ask Mayor Schundler and Governor Thompson additional questions as well?

Chairman GOODLING. All of the above.

Mr. ROEMER. Thank you.

Mr. PAYNE. Just a little inquiry because I must have missed the rules. We will now have two panels, but two panels merge into one panel or is this a special situation with the Secretary from the first panel staying for the second? It is different, but a lot of things are different now. Could you explain to me how this will work as a rolling panel.

Chairman GOODLING. Well, I hope they haven't been drinking so I hope there will be no rolling, but what we will try to do is ask our questions as quickly as we can to the Secretary, but you have an opportunity to ask your questions to the others also.

Our hope was that we would have completed one panel by 10:30 a.m. and then moved immediately into the other panel, but until fewer people come to the hearings, which I am sure will happen before too long, it doesn't work that way.

At this time, I would like to yield to the gentleman from Wisconsin to introduce our third panelist and ask the third panelist to summarize as quickly as he can his thoughts so that we can get on with the questioning.

Mr. PETRI. Thank you, Mr. Chairman. Mr. Chairman, it gives me a great deal of pleasure to introduce to you and to the committee the most distinguished citizen of the Sixth Congressional District that I have the pleasure of representing of Wisconsin, our Governor, Tommy Thompson of Elroy.

Tommy was just reelected to an unprecedented third four-year term in Wisconsin as Governor, carrying majorities in both the inner cities and rural areas of our State. He has been a tremendous State and national leader in both areas of economic development, welfare reforms and education, and I am sure he has a lot of good advice to give us here today.

STATEMENT OF HON. TOMMY THOMPSON, GOVERNOR, STATE OF WISCONSIN

Governor THOMPSON. Thank you, Congressman Petri. Not only being my very successful Congressman, but also being a very close friend and I wanted to thank all of you for giving me this opportunity. I will make it as quickly as possible. I apologize for being late. I was in the other, in the Senate in front of their Committee on Education discussing training, but I thought this morning I would be very quick and just summarize some of the things that are happening in Wisconsin and some of the ways that we may be able to play a more important cooperative role between the State and Federal Government

I applaud all of you in Congress today for having the—I think the temerity as well as the opportunity to really listen to what has taken place in the State government and Governors have the opportunity to work in a cooperative fashion to change this system for the better and I applaud each and every one of you for that.

Members of the committee and Secretary Riley and Mayor Schundler, it is a pleasure to be in front of you today, and I think today we all face a very historic opportunity to redefine what is the State-Federal relationship and at the same time improve our Nation's education system. I commend you, Mr. Chairman, for your leadership on this very important issue.

Education, as everybody knows, is largely a State responsibility. And in my own State of Wisconsin the Constitution requires the State and the towns and cities to fund common schools on an equitable basis. Education makes up more than one-third of our State budget. It is the biggest single expenditure item in the State budget.

Let me tell you briefly about some of the things we are doing to build, I believe, one of the best education systems that we can.

We were the first State to create the Nation's first and only private school choice program in the City of Milwaukee to give low-income families the same choices of schools that wealthy people have.

We have the Nation's first statewide school-to-work and youth apprenticeship program. And I am more excited about that than any other that I have set up which allows juniors and seniors to go into the workplace and learn a trade, attending school in the morning and work in the afternoon.

The students have improved educationally and scholastically and as citizens of their community and of their school. And the business community in the State of Wisconsin has bought in and it has been a tremendously successful program. We were very fortunate to receive the first block grant from the Federal Government for our apprenticeship program, and I thank you, Secretary Riley, and all the Members of Congress for that.

We are also creating a statewide assessment tied to academic standards for all the 4th, 8th and 10th graders in the State. And then we have started a charter school program to spur innovation and funding and finding different ways to educate young people.

What should the Federal Government's role in education be? I believe that it should be to free Governors and State legislators to create and manage innovative consumer and customer-oriented education services. The Federal Government should, and I think could, play a tremendous role in spurring innovation in education because our Nation really needs it. Let me suggest four broad principles that should guide, I believe, Federal education policies.

Number one, encourage bold wholesale reform, no more just tinkering around the edges.

Two, maximum flexibility to the States. One size does not fit all.

Three, decentralization. Parents know what is best for their children and the people in our schools. Not the bureaucrats either in Madison or in Washington know what will work best in our schools.

Number 4, clear standards and accountability for States to follow.

In Wisconsin, as in many States, we have 62 employment and job training programs in Wisconsin funded by the Federal Government. Forty-five have their own Federal regulations that fund 70 percent of our expenditures. A poor 18-year-old high school student in Milwaukee would qualify for 12 programs run by five different agencies, many providing the same services.

Of the 11 Federal programs focused on youth, seven have different definitions for youth. And I looked up in the Webster Dictionary the definition of youth. There are only four definitions, but the Federal Government has seven.

Put some of these into a block grant so that we can manage them properly and give States more latitude to establish eligibility for the funds and let the States distribute the money as they choose. Give States the flexibility to provide the services without the red tape and regulation.

And we don't need all the middlemen taking the cut. Right now, the Federal Government provides about 6 percent of education funding in this Nation. And yet, and just think of this—they provide 6 percent of the funding yet in our Department of Public Instruction in Madison. Fifty percent of the bureaucrats or the employees of that Department are federally funded. Why? I don't know. Let's get that money down to the people who need it.

You will ask how can the Federal Government ensure accountability and results in the use of its funds? In education, I believe, you can do it through the national assessment and report the data in a timely manner. Make sure that the national assessments in math, science, reading and writing happen, giving the jobs to a stronger and more independent and bipartisan National Education Goals Panel and the independent National Assessment Governing Board.

Make the State-by-State data widely available and include comparable data from different countries. In the high-tech and reengineered global economy, that is something the Federal Government can do in education that the State governments cannot do alone.

On a voluntary basis provide information to the States on the programs that have been most effective in improving reading, writing math and science. Every Governor in this country will want his or her State to do well.

I will put Wisconsin's results up against every other State. And that, to me, is the best way to be sure and to ensure you that no one gets lost in the shuffle.

The principles for what I have outlined in education would apply to everything you are doing. Job training, welfare, and other programs.

As a Governor, I want to see more progress in education. In 1983, the National Committee on Excellence in Education declared our Nation at risk because of the status of our educational system. In 1989, President Bush gathered together the Nation's Governors to set national education goals to be achieved by the year 2000. President Clinton was there; I was there. And yet, even in the last Congress, we are still discussing the goals that were set back in 1989.

In the meantime, the world keeps changing. What people have been predicting will happen has happened. I sit in my office and talk via video phone to classrooms and offices all around the Nation. You can dial up the Internet and browse libraries around the world.

Companies in Wisconsin are going head to head with companies in Germany, Korea and elsewhere. Businesses have revolutionized how they operate, streamlining, reducing middle management and putting more responsibility in the hands of the frontline workers and focusing on the customers. We need to provide them with an educated work force.

And so I look back and someone mentioned to me recently that if you took an American from 1895 and plunked them down now in 1995, if Rip Van Winkle came back, only two things would look and seem familiar to them: Our churches and our schools.

Schools that were designed in the last century can hardly prepare our children for the next century. And the way to improve education is not to pass 1,000-page education bills or to create new commissions after new commissions or new unfunded mandates. The solution, to me, is to focus on results and to set them to very high standards and hold everybody accountable. Power for consumers, information to help consumers make decisions, options that fit the needs of families and individuals, competition among providers, the flexibility to make management decisions at the operational level and institutional accountability to an authority that rewards success.

I believe, ladies and gentlemen, you have a tremendous opportunity, as we do as Governors, to work in a bipartisan and a partnership basis to reinstitute federalism as we should know it. And I think we have a once-in-a-lifetime opportunity to change our education and training system in this country for the better, to bring it into the 21st century.

I look forward to working with you and hoping that we will all be successful.

[The prepared statement of Governor Thompson follows:]

TESTIMONY OF GOVERNOR TOMMY G. THOMPSON
GOVERNOR OF THE STATE OF WISCONSIN
TO
U.S. HOUSE COMMITTEE ON
ECONOMIC AND EDUCATIONAL OPPORTUNITIES

JANUARY 12, 1995

Mr. Chairman and Members of the Committee. Thank you for inviting me here today to talk about education and what I think the federal government's role in education should be.

Today we face a historic opportunity to redefine the state-federal relationship and improve our nation's education system. I commend you, Mr. Chairman, for your leadership on this very important issue.

Next month, I will present the Wisconsin state budget for the next two years. In that budget, we plan to dramatically restructure our state government, and we plan to dramatically restructure education in our state — to make it more innovative. I want to make our job training programs more efficient, and I want to bring the private sector revolution in management into state government.

Education is largely a state responsibility. Wisconsin's Constitution requires the state and its towns and cities to fund the common schools. Education makes up more than 1/3 of our state budget. It is the biggest single expenditure item in the state budget.

Let me tell you briefly about some of the things we are doing to build the best education system we can:

- We created the nation's first and only private school choice program in the city of Milwaukee — to give low-income families the same choices of schools that rich people have;

- We have the nation's first statewide school-to-work and youth apprenticeship program — to provide an option for students planning to go into a skilled job right out of high school. Even President Clinton had to recognize that Wisconsin is a leader in this area — we were the first state to receive a $300,000 federal school-to-work planning grant.

- We are creating a statewide academic assessment, tied to academic standards, for all the 4th, 8th and 10th graders in the state;

- And we have started a charter school program to spur innovation in finding different ways to educate young people.

What should the federal government's role in education be? It should be to free governors and state legislators to create and manage innovative, customer-oriented education services. The federal government should spur innovation in education, because our nation needs it so desperately.

Here are four broad principles that should guide federal education policies:

1. Encourage bold, wholesale reform. No more just tinkering around the edges.

2. Maximum flexibility to states — one size does not fit all.

3. Decentralization. Parents know what's best for their children, and the people in our schools — not bureaucrats — know what will work best in our schools.

4. Clear standards, and accountability to customers.

I wonder lately if the sort of change encouraged by the federal government is the sort of change that only the education lobby wants to see. Change that really doesn't change anything.

- If I try to provide a test so all students in Wisconsin know how they are doing against high academic standards, will the Education Department sue Wisconsin like they sued Ohio for doing the same thing?

- If Wisconsin tries to focus on results instead of process, will we be made to institute something called "opportunity to learn standards" to shift the focus back on process?

- If Wisconsin accepts Chapter 1 money, will we be forced to establish the same "uniform weapons policy" in my hometown of Elroy, population 1600, as in Milwaukee, population 600,000?

- If Wisconsin institutes Goals 2000, will we have to create a 20-member state commission, a lot like the state commission we are supposed to create under School-to-Work, or if we will have to write another 50-page plan that will land in a file cabinet somewhere in Washington?

From what I have seen in recent legislation, I wonder if the federal government sees its job as smothering change rather than sparking it. Governors can't get the job done if the federal bureaucracy stands in the way.

If you want to find the appropriate role for the federal government in education you could begin by starting over on the reauthorization of Elementary and Secondary Education passed in the last session of Congress, and start over by rethinking what you are really trying to accomplish.

I think the federal government has two things it can do to help the states in K-12 education and in job-training:

- First, provide clear information about the success of states in achieving the national education goals, and
- Second, help make sure some students are not left out as we innovate and move ahead.

Let me make two suggestions.

Number one, take the programs with similar missions for different people and fold them together.

We have 62 employment and job training programs in Wisconsin funded by the federal government. 45 have their own federal regulations. A poor 18-year-old high school student in Milwaukee would qualify for 12 programs run by 5 different agencies, many providing the same services. Of the 11 federal programs focused on youth, 7 have different definitions for youth. Put some of these into a block grant so we can manage them properly.

Second, give states more latitude to establish eligibility for the funds, and let any state that wants to, distribute the money as it chooses. Give the states the flexibility to provide the services without the red tape and regulation.

We don't need all the middlemen taking a cut. The federal government provides about 6% of education funding in this nation, and yet it mandates almost 50% of the education bureaucrats in our state. Let's get the money down to the people who need it.

You will ask how the federal government can ensure accountability and results in the use of its funds.

In education, you could do it if you fulfilled the mission to provide a genuine national assessment and reported the data in a timely manner. Make sure that the national assessments in math, science, reading and writing happen. Give the job to a stronger, better more independent national education goals panel and independent national assessment governing board. Make the state-by-state data visible to the world. Make it visible along with comparable data from different countries.

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In a high tech, re-engineered global economy, that is something the federal government can do in education that the state governments can't do alone. On a voluntary basis, provide information to the states on the programs that have been most effective in improving reading, writing, math and science.

Every governor in the country will want his or her state to do well. I will put Wisconsin's results up against every other state. That's the best way to be sure no one gets lost in the shuffle.

The principles for what I outlined in education would apply to everything you are doing — job training, welfare and other programs.

I am open to the idea of reducing the total amount of funds if the states are given genuine flexibility in using them, and a results oriented way to account for them.

As a Governor, I want to see more progress in education. In 1983, the National Committee on Excellence in Education declared our nation at risk because of the state of our educational system.

In 1989, President Bush gathered together the nation's Governors to set national education goals to be achieved by the year 2000. President Clinton was there. I was there. Last year, Congress was still considering the goals we had set.

In the meantime, the world keeps changing. What people have been predicting will happen, has happened. I can sit in my office and talk via videophone to classrooms and offices in many spots around the state. You can dial up the Internet and browse libraries across the world.

Companies in Wisconsin are going head to head with companies in Mexico, Germany, Korea, and elsewhere.

Labor shortages are starting to occur as business expands. Some companies are saying they can't grow any further because they can't find skilled labor.

Businesses have revolutionized how they operate. They are streamlining, reducing middle management, putting more technology and responsibility in the hands of the front-line workers and focusing on the customers.

This revolution is reaching Hungary. It is reaching India. It is reaching Thailand. It is reaching Argentina. But it has not reached education in the USA.

Here is one example of the innovation we need. If you drive up Highway 41 in Wisconsin, into Appleton, to the Valley Fair shopping mall, down the hall, past Radio Shack, and the travel agency, you will come to the Fox Valley Career Connection.

It is a guidance counselor's office in a shopping mall. It's not like the guidance counselors office we remember, or maybe were sent to when we were in trouble.

It's filled with computers, video tape players, laser discs, and television monitors. It has a lot of information about careers, occupations and jobs — jot just college catalogues. It is operated by the local Chamber of Commerce — and it works with the schools. It is open in the evening and on weekends.

The mission of the Career Connection is to make sure that high school students in the Fox Valley, along with their parents, have access to good information about careers, and that they get the information early enough to get the right preparation.

Why did we do this? We started this program in Wisconsin because the job wasn't getting done.

Counselors in the schools are spending most of their time on administration. Career counseling that does happen is focused on the needs of half of the students — those planning on going to a university. Other students are falling through the cracks. This has been happening for a long time.

The way we organize education in this country is a hundred years out of date.

Someone mentioned to me recently that if you took an American from 1895 and plunked them down today in 1995, only two things would look and seem familiar to them: our churches, and our schools.

Churches, fine. But schools that were designed in the last century can hardly prepare our children for the next century.

And the way to improve education is <u>not</u> to pass 1,000 page education bills, or to create new commission after new commission, or new unfunded mandates.

The solution is to focus on results set to high standards, power for consumers, information to help consumers make decisions, options to pick that fit the needs of families and individuals, competition among providers, the flexibility to make management decisions at the operational level, and institutional accountability to an authority that rewards success.

Thank you for the opportunity to testify before you today. You have a once-in-a-lifetime opportunity to change our education and training system in this country for the better — or make more effective and more efficient, to bring it into the 21st century. I hope you will take it.

Chairman GOODLING. Thank you, Governor.

The gentleman from Pennsylvania, Mr. Greenwood.

Mr. GREENWOOD. Thank you, Mr. Chairman. I thank each panelist for your testimony. I would like to direct a question, if I may, to the Secretary.

In your very early part of your testimony you made reference to the following: Education is a national priority but a State responsibility under local control.

I think much of what this hearing is about is trying to discern what are the appropriate roles of the different levels of government. One of the functions of government in education is the redistribution of wealth and resources and I served 12 years in the Pennsylvania legislature, and one of the things we did every year is pass the school subsidy formula and we had a complicated formula where we redistributed the wealth to the poorer areas based on real estate values and poverty and density and rural characteristics and so forth.

My question is, is that seems to work very well in Pennsylvania. I never felt we needed the Federal Government to redistribute our wealth for us. Is that a proper State role or does the Federal Government have a legitimate role in redistributing wealth between communities for purposes of education?

Secretary RILEY. I think that is a very appropriate question for what we are talking about here today, the Federal role.

Twenty-five States, or more, are now in major lawsuits looking at their tax structure in terms of funding, education, property tax and the basic unfairness in many situations that the courts have turned around in certain States.

And we have stayed out of that. I think that is a State matter that the courts, then, are dealing with. Many Members of Congress feel that we should gear some of our programmatic things going down to the States to a requirement that they have an equitable tax structure and so forth. And I have not felt that we should go that far. I think that is a State and local matter, though, it needs to be done, where it is unfair. And that is being done through the courts.

So, I don't feel we should go that far. I do think that you have national priorities and national interests. And one of the national interests, for example, might be disadvantaged kids and their education as a very important part of this Nation's future.

Mr. GREENWOOD. Let me interrupt you, if I may, because time is so short. That being the case, which of the States is it that is not capable of redistributing its own wealth between its wealthier communities to its least economically advantaged children? Which of the States is it that can't do that that requires the Federal Government to step in and do that for it?

Secretary RILEY. I think every leader could do whatever is needed to be done, but it is a question of a national priority. If you have a national priority to deal with disadvantaged children or with disabled children in terms of education, I think that is very appropriate for this Nation, for the Congress to decide that.

Mr. GREENWOOD. Does that assume that there are States that have demonstrated that they are incapable of making that a priority?

Secretary RILEY. Well, I think all States are different and all States have their own priorities. Education is very fragmented as you know. We have a very poor system, as the mayor described in his city in some areas. You have a very fine system, fortunately, in most areas, but a national priority gets around the fragmentation of all the different States and their own priorities. It is a national priority to provide educational help for disadvantaged kids, disabled kids, whatever and I think that is appropriate.

Mr. GREENWOOD. Then, if that is appropriate, if what we need to do is take money from the wealthy States and give it to the States that have failed to sufficiently make the education of their poor children a priority, why would we ever send any money to the wealthy States? Why would we not——

Secretary RILEY. Well, the formulas for Title I, of course, would go more to poor States than they would to wealthy States. The unfortunate thing is that you have poor people in every State and every community, but more in some than others. And I think that if this country thinks that is important and they want to make it a national priority, it should go down to where poor people happen to be.

But, I think maximum flexibility—and I would shift to your view in terms, then, of how they are able to use those funds. I think maximum flexibility, and I agree with so much the Governor said, in terms of the school district and the State being able to use the funds. But I think sending funds down to resolve or deal with a national purpose, a national interest, is a very worthwhile endeavor.

Mr. GREENWOOD. I think if you listen to what Mayor Schundler has said and what Governor Thompson has said, they have said, in essence, and they can disagree with my characterization, they have said let us keep our money in our States. Give us credits against the money that we raise and let us figure out how wisely to distribute it among our own poor.

And I think there is a certain, frankly, sense of arrogance in Washington that only we in Washington have the good judgment to send money to poor kids, and the people out in the States don't have the sensitivity to do that. And I think that is dead wrong. And I welcome you to the future.

Chairman GOODLING. The gentleman from New Jersey, Mr. Payne.

Mr. PAYNE. Thank you, Mr. Chairman. I think that all States would know how to redistribute the funds. I think, though, that there is something called the will which you have to have the will to do that. And in many States the will has been lacking.

I know in my State of New Jersey when the Governor attempted to have a sort of Robin Hood type thing as they have done in other States, I think Kentucky did it very successfully, or Tennessee. I am not sure which one. When they attempted to do it in New Jersey, it was overwhelmingly defeated by the legislature. And so the will was not there. And sometimes the Federal Government has to move in when the will is lacking.

Let me ask the mayor, and it is good to see you, Mayor Schundler. Your two-tier voucher program, it is kind of unclear to me, and I wonder, I know that your Republican colleague, the great Governor, Christi Whitman, when she ran for Governor of New

Jersey, had in her platform a voucher program in her State, of the State given a couple of days ago. She tabled the voucher program that she had proposed in the campaign several years ago.

How does your voucher program differ and do you know why she pulled the statewide proposal for a voucher program in New Jersey off the table? Are you that close or were you working together?

Mr. SCHUNDLER. The Governor has talked about phasing in the program. Joe Doria, who is the Democratic State assemblyman representing Jersey City and a leader in the State assembly, felt that we should put the program in all together immediately, so his feeling was that it shouldn't be phased in. It should be done right from the start and they are still negotiating those details.

What the Governor has called for is a task force with Democrats and Republicans to negotiate this together. This has not been a partisan issue at all. The issue is just the details.

I think it makes sense to allow details on programs to be worked out at the local level. Again, the Secretary said something about it being a poor city, but ours is not an underfunded city. Nine thousand dollars per child is almost twice the national average. That is being given to us by the State.

The problem is between the Federal and State regulations, that we don't get much money in the classroom. Forty-seven percent of our education dollar actually pays for teacher salaries and benefits. The rest pays for bureaucracy to make sure we are not wasting money. It just doesn't make sure sense.

Mr. PAYNE. Only one-third? That is a hard and fast number?

Mr. SCHUNDLER. For teacher salaries. A small portion is—I am convinced the accountability system that we have today, when you are trying to command from above one national effort in education, if you are going to have a national commitment to education, imagine the enormous coordination work that exists there if you are going to say this is the way we are going to do it everywhere.

Every mandate is the law. It is not optional. You have to hire people to enforce it. You tie the teachers' hands from being able to use discretion to best serve students and we take money away from the classroom to hire people to look over their shoulder. That is enormously expensive. If instead we put the money following the child and let parents be the method of accountability, parents not only love their children more than we love their children, but they work for free.

Mr. PAYNE. Let me ask you could you once again explain that two-tier for private schools, parochial schools and public schools and what happens? Since there is certainly not enough private or parochial schools to handle the school population, what happens to the students left in the public schools? How do you balance it out?

Mr. SCHUNDLER. The proposal I have made with regard to the two-tier system is that you would have a voucher system in the public system. The same funding, but instead of it being given to what is effectively a monopoly, it would be money that follows the parents' choice. You allow teachers the freedom within the public system to create an array of different schools, as in east Harlem, for example. And the money would follow the child to the school of their choice.

There would be a financial reward within the public system even and there would be competition in the public system and there would be reason to run a good school. There would be a lesser amount for children going to private schools because they have a lot less regulation. And it does make sense to have there be less money. But as we worked on regulation in the public system, I would hope that we would increase the voucher amount for private education and ultimately get to a level playing field.

Mr. PAYNE. And these systems—what about a student that is not performing at a private school or a public school; would they have the right, as you mentioned, to put the child out? And then where would the child go?

Mr. SCHUNDLER. Well, the realization is that you don't want to have there be one school. The thing that happens now and, for instance, in our public schools now, if a child is violent and the principal has to make a decision, are we going to kick them out of the system altogether or are we going to keep them here?

The result of that is if a teacher has no other choice besides that, you end up having the child in the classroom which makes everyone with money want to leave. Until such time as the child becomes 16 in which case they hurriedly get them out.

It would be better to allow a school with 2,300 students to have 10 schools in one buildings. And there may be one school which only has 10 children who are very troubled, but has one or two people working very closely with them and know everything about them and you just don't teach them academically, but mentor them.

Chairman GOODLING. The gentleman from Florida, Mr. Weldon.

Mr. WELDON. Thank you, Mr. Chairman.

Secretary Riley, would you agree that if we look at objective measures of secondary school performance such as math and verbal SAT scores over the past 30 years that we have seen a decline on a national basis in those areas?

Secretary RILEY. The 1970s showed a period of time when there was significant decline. The 1980s, in terms of science, which is related, there was an increase of almost a grade level, and math along that period of time and reading kind of held its own. So it is kind of a mixed look, but if you look back 30 years at certain basic facts, you do see, certainly, it has not been a constant improvement and in many cases it has not gone up at all.

Basically, though, the 1980s, to show you how when we really paid attention to science and we really got into that in the 1980s, it really made a difference in the grades and the scores showed that.

Mr. WELDON. Do you think there is a good correlation between the amount of Federal expenditures and that type of improvement when you talk about us paying attention? What I am interested in is there a relationship between dollars spent and improvement in performance in those measures?

Secretary RILEY. I think there is a clear relationship. As whether it should be more a relationship, that is certainly always debatable.

For example, Title I, which we were discussing, that deals primarily with disadvantaged children, to look at the gap between

black and white kids and look at kids who were covered by Title I, that gap has certainly closed in a real way.

It is still there and we are still working on it, but you certainly can see that by emphasizing that over a period of a year, in a sustained way, that there has been results. I don't think there is any question about that. You can say the same thing with disabled kids in IDEA. You can say it in the other areas. However, as to whether it is enough in relation to the dollars, I think that is always debatable.

Mr. WELDON. Do you feel that there are limits to the ability of the Federal Government to achieve positive results or do you feel that there are other social issues that contribute to declining academic performance such as the level of illegitimacy or fatherlessness in a community, the family breakdown and crime and those sort of things?

Secretary RILEY. No question about the fact that those social cultural issues have a tremendous impact on the success of a child in their education process. That is the reason that we have certainly emphasized that. We have started a very important, I think, family involvement initiative and involved over a hundred key organizations throughout the country and then another one involving some 34, 35 religious groups, a wide array of religious groups coming together trying to get parents tuned in to the importance of their helping and involvement with their own children and their education, the very thing you are asking about.

If we could do that, regardless of all these other things and these other ways of doing the education business, it would make more difference than anything else. So it is a very important factor to me, and I think it is private schools, it is public schools, it is parochial schools, this business of parent involvement with the children in their school.

Chairman GOODLING. I want to thank the mayor very much, and we will give you some time—the mayor very much for coming. I realize you have a plane to catch.

Mr. SCHUNDLER. Thank you, very much.

Secretary RILEY. Mayor, thank you. It is good to see you.

Mr. WELDON. Mr. Secretary, one more question for you. Do you see a role for home education or home schooling in the sort of global academic efforts of our Nation in meeting the educational needs of the children of America?

Secretary RILEY. I believe in a democracy with a small D in every regard, and I think education should be into that category. I believe in private schools, parochial schools, quality public schools.

If a family has the wherewithal, the time where they can teach their children, I think that is—if it is legal within that State and permissible within that State, that is fine. Certainly, we in the Federal Government have zero to say about that.

However, I think that that should be their option if it is legal within that State and up to them to really put the time, put the effort, have the ability themselves to teach their children. But we don't have, as I say, any governmental involvement in that. That is a State matter.

Mr. WELDON. Thank you.

Chairman GOODLING. The gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. And let me follow up on the last question. I think parents have their children many more hours a day than even our public or parochial schools have, and I would hope that we would be home schooling our children, no matter what school they go to.

Parents can read to their children, parents can do all sorts of things with their children other than what their public schools or parochial schools or private schools can do.

Secretary Riley, you served as Governor much longer than you have served as Secretary of Education and I think over the last two years I have watched you and seen that experience carry forward into your job as Secretary of Education. And in one—I have watched, you know—and I can listen to Governor Thompson, and the frustration of serving 20 years in the Texas legislature and seeing some of the things that we saw for many years on Federal funding and Federal mandates, but watching the last two years, whether it be Goals 2000, which I thought we were going to have no regulations, but you say we may have a couple of minor ones now.

Secretary RILEY. Maybe a couple of minor ones with school-to-work, but none with goals.

Mr. GREEN. And, hopefully, I will be home to visit with some of my friends in the legislature that are dealing with our education. Education is a battle in every legislature every session because it is a primary State responsibility. But I think we have set the pattern for what a lot of us have said and what we have heard today from Governor Thompson and even the Mayor from Jersey City, that it is a State responsibility. And I can understand the frustration of your Department of Education in Madison.

I have the same problem in Texas, that so much of our Texas education agency are there to support Federal programs. And last year, when we were debating Chapter 1 or Title I as it is called, we set aside a smaller amount for those State agencies to do that then was in the previous Congresses. So I think we are heading in the right direction.

And I am sorry the mayor left, but I sympathize with his question about the large high schools. And most States have alternatives for those problem children. It is just that those alternative schools, and I know they were in Goals 2000 also, are some of the most expensive we have to offer.

But we don't have any Federal regulations and I don't remember seeing it in the two years I have served here, any restrictions on local schools being able to set aside a 2,300 student body and dividing it up into different segments. You may have one segment deal with one opportunity and maybe a problem student that would only be dealt with in one part of the school. I don't know of any Federal requirements or statutes that would limit that.

Secretary RILEY. There are none I know of either, Congressman. I think you are exactly right. That is a local matter.

Mr. GREEN. And I know I should be asking a question here, and I know we are moving more toward—with Goals 2000 and the reauthorization of Chapter 1 or Title I, and we are seeing them transfer to the States the funding and the authority with those

broad goals that the Governor talked about. And I would be open to any other suggestions that we could do from whether it be the Department of Education or from Governors on recognizing what has been done in the last two years and where else we can do except just sending checks home.

And, again, if I was in the legislature again, I wouldn't mind having those checks come home, but I also know we have to have some broad goals, national goals for education, because we are also voting for that money to go home. And where else can we go from here other than what we have done already? I appreciate Governor Thompson talking about it also.

Secretary RILEY. Congressman, one thing in terms of regulation, and that is really where they touch, when you all pass a law and then instruct us to provide certain regulations and we do that, and then that becomes either a mandate or whatever on the State, and I know there is some talk about not having any regulations for a period of time, which is being looked at and considered.

Maybe what we are looking at is we are looking at—in the Elementary and Secondary Act, Title I, we are doing those regulations now. Just past the end of the year, and we are looking at setting certain standards within those regulations.

In other words, to simplify them, to make them more user-friendly, to try to get the job done in as easy a way as possible with as few regulations as possible by having certain standards to set within our department, we are doing that now for those regulations. And I would suggest that might be something to look at for the Congress to really think of a series of standards for regulations to kind of instruct the Departments out there to better make them more user-friendly, but still effective.

Mr. GREEN. Thank you, Mr. Chairman. Governor, I don't have any more time, but maybe some day we will get you back.

Chairman GOODLING. We will have the Secretary back as well.

The gentleman from South Carolina, Mr. Graham.

Mr. GRAHAM. Mr. Secretary, can I have a ride home? To borrow a line from Henry Hyde, you are the flamingo in the barnyard of cabinet appointments. You make us proud. You have done a very good job up here. You were a great Governor and you are doing a good job in a hard area.

One of the things I found in the campaign was a growing frustration with a lot of groups in my district in our State—and I am sure it is nationwide—with educational establishments. Particularly, social conservatives for lack of a better word. I would hate to be a teacher now because there is a segment of parents out there that I believe have abrogated their responsibility and school systems are our only best hope for these children to get any parenting skills.

Guidance counselors have a tough job to see battered and abused children with no support group. And then we try to create one out of necessity and then we have parents who are sincere in their role as a parent angry about programs that are starting to teach values that start to get into the parents' role and they come to me with a lot of concern and frustration about certain components of the Federal Government getting, in their opinion, too far in the area of a legitimate concern and they are concerned about Goals 2000 and other programs.

What have you done—have you talked with these groups? Have you spent much time trying to allay those fears and are you amenable to maybe redefining Goals 2000 in light of those concerns?

Secretary RILEY. Well, the answer is, yes. And I have met with a number of religious leaders, conservative folks around the country, as you know, in the South it is not hard to get a pretty good group up in a hurry.

Mr. GRAHAM. If you find Baptists in my district.

Secretary RILEY. It is my view, and I am sure I might be somewhat biased, that there is an awful lot of misinformation on Goals 2000 out there. And it got into some political campaigns, and people were saying things about Goals 2000 going to cause this to happen and that to happen and while they realize the words were one thing, that it would be used a different way and so forth.

So I really, if you go back to the law, the creation of Goals 2000 itself, you really do come out with a State, local-driven Federal Act. There is no question about it. It is State standards and it is a State assessment. And then the local people are the ones that put it in effect. And they do their own teaching and there is nothing in Goals 2000 about OBE, for example, and so many people seem to think that it is a step towards OBE. It has nothing to do with that. That is a curriculum that the local and State people can do or not do.

And we don't say that it is good, bad or indifferent. It is up to them. All we want them to think of is in terms of results, in terms of improving children's education. So I do think it is important to hear what people are saying. I think there is an awful lot of the concern of conservatives out there that is built on some of the family issues and we have discussed here this morning, issues of lack of discipline that people are concerned about, of violence, of drugs.

Believe me, we are absolutely, from our standpoint, working every day on those basic issues, basic skills, good reading and writing, discipline in the schools.

So everywhere I go, everybody that will listen to me hears me talk about those very same issues and I hope that we can get parents into the schools, and that is what I urge them and beg them to do and to come in and meet the teachers, meet the principals. If there is something going wrong there, find out about it, talk to them about it. Tell them what your values are. And I mean that sincerely.

Mr. GRAHAM. Yes, sir, I know you do. One other question. Are you and the government, if we pass the balanced budget amendment in this place, which I hope we do, we are going to have to make some hard decisions and do away with worthwhile programs because they don't meet the test of essential Federal programs. And a lot of discussion about a particular program is the National Endowment for the Arts and I have a good affinity for the arts, but it is a matter of business now.

Do you think that if we stop funding for the National Endowment of the Arts that it would have a negative effect on the arts and particularly in your State, Governor Thompson?

Secretary RILEY. Well, the importance of arts in education to me is very real. I am not into another Department's funding as much as I am my own Department and don't care about getting into that

fight. But I would say this, that we have worked very closely with that department in terms of arts education and in today's world, the importance of thinking creatively, the importance of having challenging experiences in learning, involves in most cases some form of the arts. And having this country emphasize the arts is very, very important, I think.

Governor THOMPSON. Thank you, very much, Congressman, and I agree with the Secretary that the importance of arts goes without saying. But I think that if you have to pass a balanced budget amendment, you have to make some tough decisions. And, you know, I would have to say in Wisconsin we would continue teaching the arts whether it is cut or not.

You know, I would hope that it would not dramatically reduce. If you could flat fund it or so on and so forth, but it gets back to a basic point that I think every Governor in this United States would have to say that if we have the flexibility, we can save you money. We can save money at our State level and we can do a better job of administering education, job training, welfare reform, you name it. The problem is we get strangled with 1,000-page bills and strangled with rules and regulations.

And I compliment Secretary Riley because he comes from being a Governor so I know he knows the frustrations we have. And I am confident if Bill Clinton was still the Governor he would be at this table with me today asking for the same thing.

Chairman GOODLING. The gentleman from Rhode Island, Mr. Reed.

Mr. REED. Thank you, Mr. Chairman. Mr. Secretary, could you comment on the State response to the Goals 2000 legislation, the number of States who have applied and generally your perception of how well it is going.

Secretary RILEY. We have had 40 States, Congressman, that have applied and I think all 40, then, have been accepted. I know Wisconsin and New Jersey are two of the 40 and I have talked to both of the Governors of those States within the last couple of months.

I have talked to Governors and chief school officers within the last week of several more States that are in a stage of getting ready to apply, so I think that number will even grow very soon.

In terms of school-to-work, of course all 50 States have received a development grant. Then we had a very serious competitive process to arrive at eight States that were most ready to go into an extensive school-to-work program, really restructuring how schools work with private industry and whatever, and Wisconsin was one of those eight States that won the competition, and due to a lot of the work, the apprenticeship program that Governor Thompson talked about. So we have work going on in the goals area actively developing standards and so forth in 40 States now, and in the others I hope will come in very soon.

Mr. REED. So, based upon the performance, the voluntary performance of the States, it appears that the Goals 2000 legislation is being accepted by the States and, in fact, you along with the States are working to make these reforms take place. Is that a fair assessment?

Secretary RILEY. Absolutely. Absolutely. And each of those States are now getting their panels in place and working on their own State plan. And that is not controlled by the Federal Government in the least. It is a State plan to reach the national goals.

Mr. REED. If I may ask Governor Thompson a question or make a comment, last year during the course of both the Elementary and Secondary Act reauthorization and Goals 2000 we were talking about different reform modes and methods and one aspect of this whole reform effort, since we have done it so many times, in my mind at least, is that there is no shortage of good ideas.

There is no shortage even of assessments of what is going on. What is the shortage is a will at some level of government to stop bad schools and fix them, to take dramatic action.

And I know I felt personally frustrated at the Federal level because, rightfully or wrongfully, that is a philosophical debate because it was pointed out that the role of the Federal Government shouldn't be that much involved in education. But at some level there has to be an authority to step in where there are bad schools and I suspect you and your educational cabinet member know where the good schools are and the bad ones are.

I wonder in your view, Governor, do you have some mechanism in Wisconsin to step in right now and schools that are not performing, do things to make them cost-effective, cost-efficient and good performers?

Governor THOMPSON. At this point in time, no. We have, of course, standards set down that they have to meet, and if they don't meet the standards, we withhold the State aid. We have that power. But to go in and actually close down a bad school, the Governor in the State of Wisconsin does not have that authority.

We can bring changes about through our equalization formula, through our 20 standards that we have for educational quality, and also through our modified Choice Program, which helps to attract and make all schools a little bit better because of the competition.

Mr. REED. Have you exercised that authority as the Governor to fully withhold aid from a school system?

Governor THOMPSON. I haven't because I do not have a Secretary of Education, but the Department of Public Instruction has on occasion.

Mr. REED. Thank you, Governor. Thank you, Mr. Secretary.

Chairman GOODLING. The gentleman from California, Mr. Cunningham.

Mr. CUNNINGHAM. Thank you, Mr. Chairman. And Governor Thompson I am animated between you and Governor Wilson in listening to your welfare reform and the education leadership that have you shown. It is exciting what we are looking at in the future. And I would say for Secretary Riley, I really appreciate when we were in the Minority you and Dr. Payzant, we had an ongoing dialogue, and I appreciate that.

I have got four quick—if you would just provide for the record because I know—it won't require an answer unless you would like to comment on them.

First off, with only 23 cents getting down to the classroom, and I know Congressman Williams asked about the studies that were available on the programs that are good or even bad, could you pro-

vide for the record what you consider the good, the bad, and the ugly of those studies? You can have the discretion of relabeling those, if you would like, when they come.

I am also excited—I listened to Congressman Markey talk about high-tech classrooms with fiber optics and computers and even SATCOM where we are communicating with other countries in education. Could you provide for the record in your estimation a priority on those systems because I also support high-tech classrooms.

Number 3, if the Supreme Court upholds Proposition 187, can you provide an implementation plan for the States if the Supreme Court upholds Proposition 187 in California?

And lastly, the National Service Act, we talked about direct lending. This government has got a great policy of giving out money and then collecting it through taxes. But unfortunately, CBO has not scored in the outyears how we plan to collect these dollars. That is not scored.

Could you give an estimate of the projected cost under the National Service Program? The President said we cut 250,000 Federal employees, but we just hired a million at $16,000 each and only a small part of that is going to education. And I would like to get the Federal Government out of the loan program.

And lastly, for Governor Thompson and the mayor, who is not here, in our caucus we talked about getting the most dollars that we can to the States and giving you the most flexibility like we did in welfare reform. We also talked about trying to get some of it down to the LEAs and the local levels.

Governor Thompson, could you provide for this committee any areas in which you think we would be better off to directly give the money, if any, through the Governor down to the LEAs? And you can respond, if you like.

Secretary RILEY. Congressman, we will take those four inquiries you had, and certainly I will have my staff work through them and we will be back in touch with you.

Mr. CUNNINGHAM. Thank you, Mr. Secretary.

Governor THOMPSON. Congressman, I will be more than happy to provide a list for you and submit it to you and Members of the committee. There are several ways that I think you can bypass and get it to the local education boards. You could get rid of 50 percent of the bureaucrats that we have, that you have to federally fund, to administer your programs in the Department of Public Instruction, and that would save a lot of money and would help for a lot of flexibility.

Mr. CUNNINGHAM. Thank you. I yield back the balance of my time, Mr. Chairman.

Chairman GOODLING. And I hope none of those are on the payroll because someone moved them from the State payroll to the Federal payroll because the money was available. That happened in a State called Michigan some time ago.

The gentleman from Puerto Rico.

Mr. ROMERO-BARCELO. Thank you, Mr. Chairman.

Chairman GOODLING. I must pronounce your name for the cameras. Mr. Romero-Barcelo.

Mr. ROMERO-BARCELO. Romero-Barcelo. It is a hyphenated name. If you want to use one of the two, it is better to use the first one, Romero. That is my father's name. We use both names as identification purposes. My mother's last name is Barcelo. My father's last name is Romero. My children are Romero only.

I want to congratulate both panelists for the contribution they made to this debate, this issue about the education. And I want to join my colleague, Mr. Roemer, in saying how happy I am to see, Mr. Secretary, that you are recovered from your surgery. And I also want to take this opportunity, Mr. Secretary, to congratulate you for the job that you have done this past two years and how important it has been that you were a Governor, albeit not only an outstanding Governor, but also an outstanding education Governor.

You did a lot of things for your State. You understand very, very well the complexities and the problems between the State and the Federal Government in education, and as I did when I was mayor and I was a Governor, so I also was involved with those difficulties.

However, as I have been listening to much of the debate on the programs, not only education programs, but welfare programs and criminal justice programs, and the desire of some people to eliminate the categorical grants and going to what they call block grants, I begin to get concerned, very concerned. For instance, in education, the principal main responsibility is the State's for education. The States have the responsibility to educate.

However, the Federal Government, the Nation, has the responsibility with all of its citizens. As we go into the 21st century, there will be more and more similarities in the requirements of education for the citizens to have opportunities to get a good job, an adequate job; not more differences, but more similarities. And it becomes the responsibility of the Nation to provide the citizens as equal opportunities as possible.

Obviously, if you have block grants, you are going to have a greater diversity of opportunities. And in some areas you will have better opportunities than in others, and some will use their block grants for better programs and others will probably use their block grants for programs that are not as good, and then you will begin a competition, an ill feeling between the States, and you will have some States saying, well, since you are giving me so much money and that represents such a percentage of the income tax that you collect in my State, don't collect it. Give it to me as a credit, so I can use it for education.

Now, I don't want to go as far as saying that it is going to Balkanize the Nation, but it seems to me that unless we have some programs, nationwide programs for education to try to level the opportunities throughout the Nation, then we are going to be beginning to split the seams of the Federal system of the Nation as a whole and the unity of our Nation. I think instead of looking for things that unite us and things that are similar, we are going to be looking at the differences.

And I am very concerned about that. What is your—as a past former Governor, Mr. Secretary, what is your feeling about that?

Secretary RILEY. Well, Congressman, as I have indicated earlier in another direction, I think it is very important to have national priorities and to say what is important to this country. I know

when we went through the agrarian or agricultural era, we ended up with an important Department of Agriculture and all the important things going on and then we come into the industrial era with a Labor Department and Commerce and whatever.

We are in the educational era now. The information era, knowledge era, and that is what is important and that is what should be prioritized, in my judgment, in this country if we are to have a future. So I think that is called for. And in terms of block grants and I know you all are getting into an interesting discussion and debate on that issue, in terms of education, and education is a little different from other things because, as the Governor and I both said, it is a State responsibility—but by block grants in education, what I am talking about is stating national priorities, national objectives; allowing States and localities, then, to have lots of flexibility, more than ever before, almost total flexibility on how to achieve those objectives; then holding them accountable for results and that is kind of in terms of education how I think that best works.

Mr. ROMERO-BARCELO. Let me use up the last few minutes that I have here just to show one of my concerns. For instance, in Puerto Rico they started the voucher program.

Our local courts have determined that that is unconstitutional. Our local constitution has a wider meaning of the State and Church separation, so they have declared it unconstitutional.

Unless there is a Federal mandate that supersedes the State constitutions, for instance, if we want—if it was thought that the voucher program was good, there would be some States that could have it and some States that couldn't, depending on the interpretation of the local courts. That is what I am concerned about. And there would be different opportunities for all.

Secretary RILEY. Well, I have got the red light, but as you know, I am very much opposed to vouchers, tax dollars, going to private and parochial schools through individuals. I am very much for opening up the public school system, charter schools, public school choice, magnet schools, any of those concepts, I am very supportive of.

I think private schools ought to be private. Parochial schools ought to be parochial. And I do think, as far as this Nation is concerned, it would be very, very damaging for the public schools in this country to have a voucher system. So that is one place that I disagree with those who favor that.

Chairman GOODLING. Quickly, please.

Governor THOMPSON. Congressman, you have an outstanding Governor in Puerto Rico. There are 50 outstanding Governors across this country. All we want to do is what is best for the State as you do for your particular State and your territory.

Why don't you give us the opportunity? Why don't you trust us? Wouldn't it be much better to have 50 laboratories of different kinds of education trying to do what is better and competing against each other? Set some standards and make us toe the line and come up with results, but don't try and say—I don't think that block grants are inherently bad, they give us the flexibility to do what I think is right in my State and what other Governors feel is right in their States.

Chairman GOODLING. Governor, I understand that you have a 12 noon—the gentleman from Indiana, Mr. Souder.

Mr. SOUDER. I pass.

Chairman GOODLING. The gentleman from California, Mr. Riggs.

Mr. RIGGS. Thank you, Mr. Chairman. I want to thank the Governor.

Chairman GOODLING. I want to thank the Governor very much for coming. We will get you back sometime when you can stay longer.

Governor THOMPSON. Thank you.

Mr. RIGGS. Mr. Secretary, I want to thank you for your time. You have been very generous this morning, now into the afternoon. I want to ask you to submit in writing, if you would, please, or to expound on your views with respect to school choice and school competition.

I personally believe that you were seated earlier, before the mayor and the Governor had to leave, with two of the foremost national proponents of school choice. I personally believe we cannot bring about long-term, sustained improvement in public education without giving parents school choice in some form across the full range of competing institutions, so I would like to get your views. I would like to be able to see any recent studies on the issue of school choice, and I would ask you specifically, since the gentleman raised it just a moment ago, to look at the Puerto Rican experience.

[The information follows:]

Question: What are the major research findings regarding school choice and the use of vouchers? (Riggs)

Answer: A summary of major research findings regarding school choice is attached.

Question: What information do you have regarding Senator Lieberman's proposed choice program? (Riggs)

Answer: We do not have any information regarding Senator Lieberman's proposal.

1 - Riggs

Question: Should there be a two-track system in high schools to provide different training for college and non-college bound students? (Riggs)

Answer: There should not be separate tracks for college and non-college bound students. The current high school curriculum inadequately prepare the majority of students for either college entry or entry into a skilled occupation. Based on high school transcript studies, the National Assessment of Vocational Education classified about one-third of students as advanced academic, about one-fourth as vocational education, and the remainder as general track students.

- **Analyses of high school achievement indicate that about one-fifth of the difference in academic achievement at the end of high school is due to program factors including the number of academic courses taken.** Academic students score at about the 71st percentile on standardized achievement tests at the end of high school, while vocational students score at about the 34th percentile. This difference cannot be attributed entirely to students' high school programs because they also differed in terms of aptitude and achievement beginning high school. General track students have about the same achievement scores as vocational students at the beginning and end of high school.

- **Vocational education students are somewhat less likely than general track students, and much less likely than academic students to attend two- or four-year colleges.**

- **High school vocational education graduates who took a coherent sequence of courses and who found a job that matches their field of study have better employment and earnings outcomes than general track students.** High school graduates in the class of 1982 who found a job that matched their field of study had a lower rate of unemployment (3 percent less) and spent almost 20 percent more time in the labor force than a comparison group of general track students. High school graduates earned 7-8 percent more, monthly, when their job was related to their training. Those vocational track students who did not find a job that matched their field of study had no employment advantages over the general track students.

As envisioned in Goals 2000, all students should be expected to perform to high state standards in both academic and occupational skills. High standards are also central to School-to-Work programs which would connect school and work-based learning, academic and occupational learning and secondary and post-secondary learning. Consistent with the objectives of the School-to-Work Opportunities Act, high schools should provide all youth with high level academic and technical skills, a high school diploma, and a skills certificate which prepares them for further education and training for a first job in high-skill, high-wage careers. High school programs should provide all students with the opportunity to select a career major as the focal point for learning academic subjects, exploring careers, and learning occupations skills. Students should graduate from high school with high level academic and technical skills, and be prepared for further education and training and entry into high-skill, high-wage jobs.

Reference: U.S. Department of Education, The National Assessment of Vocational Education, Final Report, July 1994.

2 - Riggs

Mr. RIGGS. One other item is I would like to get your Department's position on Senator Lieberman's pilot school voucher program as well, and one other request I might make, and that is I would like you to also expound on your views with respect to creating a two-track system in our secondary schools. I know that goes contrary to current thinking, particularly with the education establishment, but again I would like you to elaborate a little bit on that particular issue and whether or not we should create a separate track for those kids who are not college bound, who are not in a college preparation curriculum, if you will, with a greater emphasis on vocational training and job skills.

[The information follows:]

Major Research Findings Regarding School Choice

In the past decade, there has been a dramatic increase in school choice options within the public school system, as well as a few small experiments with private school voucher programs for low-income families.

- Magnet schools, one of the most prevalent forms of school choice, doubled in number from 1,000 in 1982 to 2,400 in 1992. Approximately 1.2 million students participate in magnet programs, more than three times as many as were enrolled in magnets in 1982. (Steele and Levine, 1994)

- Open enrollment programs that allow students to attend a public school other than their assigned school were offered in about 1,200 districts nationwide in 1992 (Steele and Levine, 1994). Some districts allow students to choose to attend other schools in the district, other plans allow students to attend schools in other districts, and some allow both within-district and interdistrict options.

  - Within-district school choice programs are offered in about 850 districts nationwide (Steele and Levine, 1994), and two states (Colorado and Ohio) have mandated that every district in the state institute within-district open enrollment. The most famous within-district choice program, in New York City's Community District 4, requires every junior high school student to select which of many theme-based schools they wish to attend. Options are also available to students at the elementary and senior high school level, but they are not required to choose.

  - Interdistrict choice programs have been passed in 13 states since 1987, when Minnesota became the first state to permit students to apply to attend schools outside of their resident district. The states with the most flexible interdistrict choice programs are Arkansas, Idaho, Iowa, Massachusetts, Minnesota, Nebraska, and Utah, while 6 other states offer more restrictive interdistrict school choice programs.

- Charter schools are independent public schools that operate free from most state and district regulations; they may serve any student within the state's boundaries. Eleven states (Arizona, California, Colorado, Georgia, Hawaii, Kansas, Massachusetts, Michigan, Minnesota, New Mexico, and Wisconsin) have passed legislation that allows the creation of charter schools, and so far 134 charter schools have been approved (most of them are located in California). [While a Michigan court has found the state's 1994 charter schools legislation to be in violation of the state constitution, the case is under appeal; in January 1995, Michigan enacted a new charter schools law with somewhat different provisions.]

- Private school voucher experiments are currently operating in 5 cities, including a publicly-funded voucher plan in Milwaukee and privately-funded plans in Milwaukee, Indianapolis, San Antonio, and Atlanta. All of these voucher plans are targeted to low-income families. The publicly-funded Milwaukee plan provides up to $2,600 per child towards tuition at a non-religious private school. The privately-funded voucher

programs pay half the cost of a child's tuition at any private school, up to a locally designated limit, with families responsible for the rest. Puerto Rico also had a publicly funded voucher program for low-income families for one year, until the plan was found unconstitutional by the island's Supreme Court in November 1994.

Although some studies have found higher achievement in magnet schools or private schools, these studies are generally inconclusive because it is difficult to determine whether the higher achievement levels are due to the quality of the school or the school's ability to attract higher-ability students. Most school choice initiatives have not been subjected to rigorous evaluations of their impact on student achievement.

- A 1983 national study of magnet schools found that average student performance in reading and math exceeded districtwide averages in 80 percent of magnet schools. However, these findings are inconclusive because the study did not control for differences in prior student achievement. (Blank, 1983)

- A 1989 analysis of some local evaluations of magnet schools found that students in magnet schools show more academic growth over time than those in non-magnet schools. These findings vary by subject area and grade level. (Blank, 1989)

- Perhaps the most convincing evidence on the potential effectiveness of magnet schools comes from a 1992 study of New York City's career magnet high schools, which offer career preparation in combination with traditional college preparatory courses and enroll nearly a third of all the public high school students in New York City. The study compares ninth-graders who were selected for the program by lottery, after one year in the program, with students who lost the lottery, which enables a more rigorous randomized study design that is rarely achieved in studies of school effectiveness. Both average and low-achieving students (based on reading test scores) performed significantly better than similar students in comprehensive high schools on several indicators of academic performance, although results were somewhat mixed for the low-achieving students. Average readers in the career magnets achieved larger gains in reading scores, earned more credits toward graduation, and were less likely to drop out in the transition between middle school and high school. Below-average readers were also less likely to drop out and more likely to pass the Regents advanced mathematics test; however, they also had greater absenteeism and did not perform better on reading tests or the number of credits towards graduation. (Crain, 1992)

- New York City's Community District 4 experienced marked improvement in its students' performance on standardized tests of achievement after instituting its choice system. Between 1973 and 1988, the district's reading scores rose from 32nd among New York's 32 community districts to 19th. However, this evidence of improvement does not control for the addition of approximately 1,500 non-resident students who were attracted by District 4's array of theme schools. (Domanico, 1989)

- Charter schools have not been in existence long enough to evaluate their impact on student achievement. Typically, charter schools are accountable to the state for

ensuring that their students meet minimum performance standards.

- Of the five public and private voucher programs, only the publicly-funded program in Milwaukee has been evaluated in depth. That evaluation, conducted by a University of Wisconsin professor, found that over three years, the academic performance of participating students was not significantly different from that of comparable students still enrolled in Milwaukee public schools. (Witte, 1993)

Some school choice programs yield benefits other than improved student performance, including desegregated schools, greater parental satisfaction with schools, and higher levels of parent involvement.

- Parents of open enrollment students in Minnesota and of voucher students in Milwaukee reported greater satisfaction with their schools of choice than with the public schools they had previously been assigned to. (Rubenstein et al., 1992; Witte, 1993)

- The Cambridge (MA) and Montclair (NJ) school districts have had success desegregating their school systems using "controlled choice." Under their plans, parents may choose their children's school as long as their choice results in racial balance in every school. However, Montclair has recently come under criticism for the prevalence of within-school segregation of students in its schools. (Rossell and Glenn, 1988; Clewell and Joy, 1990)

- Parents of students in Milwaukee's publicly-funded voucher program, who had been relatively active in their children's previous school, reported being even more involved in the private schools in which their children enrolled. (Witte, 1993)

Existing studies have not found that school choice spurs competition among schools to improve, expand, or diversify, even though most research indicates that parents who actively choose a school outside of the attendance area for their children consider the quality of the school's academic program above all other factors. The absence of competition is largely attributable to the relatively small number of students participating in school choice programs.

- A recent examination of data from the 1988 National Educational Longitudinal Study (NELS '88) found little difference in terms of curricular content or instructional strategies between schools of choice and more traditional, neighborhood schools. (Sosniak and Ethington, 1992)

- Research on open enrollment in Minnesota confirmed findings from previous research on the factors that play a role in parents' choice of school. The most important factor in parents' choices tends to be the academic quality or reputation of a particular school, but its proximity to the home is often the second most important reason. (Rubenstein et al., 1992)

- A second study of Minnesota's open enrollment program found virtually no evidence

that school choice has prompted major changes in curriculum, instruction, or assessment at the district level. With only a few exceptions, most districts were not significantly affected by the program because only a small percentage of students chose to leave their assigned schools. Statewide, fewer than two percent of the state's students participated in open enrollment, which is similar to the participation rate in Iowa, Massachusetts, and Nebraska. (Funkhouser and Colopy, 1993)

- While existing research has not examined the impact of voucher programs in spurring competition among the public schools, the voucher programs draw only a small number of students away from the public schools. For example, less than 1 percent of Milwaukee students participate in the publicly-funded voucher program; although the state placed a cap on participation in the voucher program of 1 percent of total enrollment, this cap has never been reached.

School choice can have deleterious effects on students and districts, although research on its overall impact is inconclusive.

- A study of magnet and other specialty schools in four major cities found that middle- and upper-income students with average or above-average performance were concentrated in the magnet and specialty schools, while low-income, at-risk students were concentrated in neighborhood schools. (Moore and Davenport, 1989)

- A study that simulated the likely impact of various school choice programs found that even in the most favorable case, school choice programs would not give low-income students the educational opportunities available to high-income students. In every choice program considered, high-income students in a given community would receive better educations, on average, than would low-income students. (Manski, 1994)

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Mr. RIGGS. Now let me go very quickly to two quick questions, and it is a shame the Governor had to leave because I actually wanted to try to see if we could have what we politely call around here a colloquy, but I would like you to respond to two comments that he made in his written statement that I think are the core of the current conundrum regarding public education in this country.

He says, first, we don't need all the middlemen taking a cut. The Federal Government provides 6 percent of education, I actually thought the figure was slightly higher, 6 percent of education funding or taxpayer funding for public education in this Nation, and yet it mandates almost 50 percent of the education bureaucrats in our State. Let's get the money down to the people who need it. I would like you to react to that, if you could, briefly.

Secretary RILEY. Well, I think my previous comments about Goals 2000, School-To-Work, and the changes in the Elementary and Secondary Education Act are strongly supportive of the tenor of his comment, and it is a real move in that direction, in a very significant way, so as I say, I am a former Governor, and I am inclined to agree with practically everything, if not everything, that Governor Thompson said. I think that makes real good sense, and that is what Goals 2000 attempts to do.

Mr. RIGGS. Let me ask you a follow-up to that, then, with your former Governor's hat on again, Governor Thompson talked about stressing results in the use of funds to bring about greater accountability. Again, on a systemwide basis, more emphasis on outputs, if you will, than inputs, and he suggests, for example, you could fulfill the mission to provide a genuine national assessment and report data in a timely manner, make sure that the national assessments in math, science, reading, and writing, the core academic subjects happen, give the job to a stronger, better, more independent national education panel and independent national assessment governing board, then make State-by-State data visible to the world, make it visible, along with comparable data from different countries. I would like to get your reaction to those suggestions.

Secretary RILEY. Well, that is again very much debated, the Goals panel concept, which is the Nation's report card, using NAEP testing, controlled by NEGP, which is a creature of this Congress, all of that being a results orientation, is all a part of the whole Goals concept. It is a results-driven system, and so I strongly believe in having standards. Standards are defined as what a student should know and be able to do at a certain grade level in a certain subject, in other words——

Mr. RIGGS. As demonstrated in what fashion?

Secretary RILEY. Well, the standards, then, development of standards, what should an eighth grade child know about math and so forth would be under the States. States would have to develop their own standards. We would help with that by using worldwide standards development through a consensus process, and that has been going on for the last several years. The State does their own standards, and that is then what measures the results. In other words, then the schools then take those State standards and teach in their own creative, challenging ways to reach the standards. So you have all the different push to reach the results

coming up creatively on the school level, not coming down from Washington.

Mr. RIGGS. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Chairman GOODLING. The gentleman from Ohio, Mr. Sawyer.

Mr. SAWYER. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for your patience and tenacity and willingness to stay here this morning.

I couldn't help but think back when we were talking about this being the education era that there was another education era in this country, at the end of the last century when in fact the Nation's government under the leadership of Justin Morrill spent 30 years of his career developing a Federal presence in the development of higher education in the interest of nation building. It really serves as a wonderful model of the way in which this Nation's government can provide assistance and direction to localities and States in developing the tools of education that have defined the American century without ever federalizing higher education at all. I think it serves as a useful model.

One of the things that we have tried to do over the last couple of years is to drive dollars directly to local school communities rather than to try and filter them through State systems. It doesn't work in every arena of education, but it is a useful way to get dollars where we think they can do the most good.

Two of the places where I think we have got great potential and have a modicum of success so far is in professional development, the kind of thing that was done under Eisenhower and now has been expanded across the core subjects. And I think one of the great areas for potential growth in this approach is in the expansion of technology, not only in fiber optics in classrooms but sometimes in matters as simple as providing a telephone line and a modem so that computers aren't just tape players or disk players in the classroom but really can be interconnective.

Could you talk for a moment about how those two approaches, the development of professional standards and professional development across a large and diverse Nation and the use of technology can work together to help in this new era of education?

Secretary RILEY. Well, Congressman, of course, you have been very much involved in both of those areas. If you ask any business person that is really enlightened and has thought out their business and where they are going, they will tell you probably that most businesses when they cut things, they cut professional development because it is not something they have to have, they don't think, and they usually will tell you that is the biggest mistake you can make.

The best dollars probably that we spend on education across the board would be in that area of professional development, and as you know, under the Elementary and Secondary Education Act, you all emphasized that, and we channeled in a lot more resources to that purpose.

Now, what you can do, then, with technology in education is really beyond comprehension, and it is so exciting to see that, yes, the Federal Government has put, what, $40 million into that program to really start helping to expand the use of technology in and teachers' abilities to teach and to connect up with parents and with

other schools and other science projects or whatever, so I think that is a very exciting part of education, and I thank you for your interest in it in the past and the impact you have had on it.

Mr. SAWYER. Let me follow up with a question. I am sorry the mayor didn't stay. I was particularly interested in his comments on corporal punishment. Are you aware that there is any Federal prohibition or commandment, mandate to the States to take over standards of punishment within schools?

Secretary RILEY. No, I don't know of any. I think that is under the prerogative of the local schools.

Mr. SAWYER. Or the State government, in fact.

Secretary RILEY. State laws and local.

Mr. SAWYER. I was amazed at that because it occurs to me that New Jersey has had a prohibition on corporal punishment for more than a decade as a matter of New Jersey State law, not more than a decade, more than a generation, maybe 30 or more years. I just wonder whether or not he has confused who is doing what in education and perhaps ought to go back and revisit some of those questions. Just an observation. You don't have to reply to that. Thank you very much for being here.

Secretary RILEY. Thank you, sir.

Mr. SAWYER. Thank you, Mr. Chairman.

Chairman GOODLING. In fairness to the mayor who isn't here, I don't believe that was his point. I believe his point was that it is a different era and therefore we have to find different ways to motivate youngsters.

Mr. SAWYER. I think that is probably true. I just didn't want it to be left in the minds of anyone who might be watching this that the absence of corporal punishment in the State of New Jersey was the product of anything that we or the Department have done here. Really that is a matter of New Jersey's decision, it has been and probably ought to remain that way for the foreseeable future.

Chairman GOODLING. My system wouldn't work any longer—the first time I listen to you, the second time you come to my office, you listen to me, and the third time there is no talking, but there is action.

Mr. SAWYER. Thank you, sir.

Chairman GOODLING. It probably wouldn't work any longer. Mr. Knollenberg from Michigan.

Mr. KNOLLENBERG. Thank you, Mr. Chairman. I guess the two folks I wanted to talk to most of all have departed, so, Mr. Secretary, it is you and I.

Secretary RILEY. I regret to be the only one left for several reasons.

Mr. KNOLLENBERG. I will be kind.

Mayor Schundler said something that I want to relate to you or get your reaction to. He said that he didn't just want to change the Department of Education; he wanted to abolish it. This was in his written testimony.

He went on to say that, and I think he said he wanted to make it into an Office of Education. Now, I don't know what Governor Thompson would do, but I would like to, I would love to have had the chance to ask both of them that question to get some reaction.

Governor Thompson is frustrated, I know, by some things, and he has done as much as he can about them, but the one comment he made is that only about 6 percent of the budget is—6 percent of the educational dollars are federally spent or federally originated, yet 50 percent of the bureaucrats were mandated by the Federal Government. Obviously, we are talking about your job here if we are talking about doing away with the Department of Education, but——

Incidentally, it may be appropriate, Mr. Chairman, I would like to submit these questions to the other individuals on the panel, Governor Thompson and Mayor Schundler.

But it would be interesting to get your reaction to what you think of the mayor's suggestion and, incidentally, he goes on to say that it should border on the change, this Office of Education, should respond to the President, and that it should be tailored somewhat after Senator Lieberman's proposal to fund pilot school voucher programs, and he also says the imposition of no mandates. Your reaction.

Secretary RILEY. Well, I think many of the principles that he talked about we had moved significantly in that direction, and we have had the discussions on that. If you look back at when—I don't think anybody denies, Congressman, the importance of education in this country and how it is different from what it was even 20 years ago, and that the whole future of the country is education, so I think we start with that understanding, and I think the American people recognize that.

You get into the question of how, then, is it best handled, but the fact that it is a national, absolute national priority in terms of everything we are worried about, I think everybody realizes that, so it makes real good sense to me to have then a department that deals with education and to have a cabinet person who sits with the President and emphasizes the importance of education and injects education into every discussion that takes place with that special interest.

Now, when this was an office under HEW, which was a big, very big, I would say, bureaucracy, that is kind of a bad word, but certainly a bigger piece of the government. The Office of Education had around 7,700 employees. Today, and believe me, we have honed it down and worked to try to do more with less. We have less than 5,000 employees.

I don't know how many programs have come in in the 1980s. I am almost embarrassed to say how many of the programs have come for us to handle, but dozens and dozens of new programs that have come in that we are handling, one being direct lending, for example, and in handling that program we will save on an annual basis the Federal Government possibly twice as much as the whole cost of the Education Department. I mean, we have, I think, a very tight, well-run, concentration on attention on education when education is the most important thing this country faces.

Mr. KNOLLENBERG. You would not agree, then, with the mayor if he would have carried it to that extreme?

Secretary RILEY. Congressman, I really think if I could talk to the mayor for five minutes that he would realize that somebody——

Mr. KNOLLENBERG. He had to catch his plane, I think.

Secretary RILEY. Well, I know. Somebody has got to handle—surely nobody wants to do away with the involvement of the student financial aid. I mean, nobody. Everybody realizes Pell Grants and student loans, who is going to handle that? Well, you know, so you shift it over to HHS and call it something else, you know, and you shift something over here, but you still have the same functions going on, so there is no savings there. It really is a cost, I think.

Mr. KNOLLENBERG. Not to buy into his idea here, but wasn't the original idea of the Department of Education basically research? Wasn't that its function originally when it was first——

Secretary RILEY. It is to run, of course our function is running education programs and research is one part of that function. It is not, I don't think it was ever anticipated that would be the only function. When we became a department in the late 1970s, we had this kind of the same function that we have now. Isn't that right?

Mr. KNOLLENBERG. Hopefully, you will have the opportunity to spend the five minutes with the mayor. My time is up, and I thank you very kindly for your testimony.

Secretary RILEY. I thank you.

Chairman GOODLING. Mr. Secretary, you have been very kind and very patient, and we of course told you 12:15 p.m. There are three of us yet that haven't yet had an opportunity to ask any questions. I don't know if you want to stay beyond 12:15 p.m. to hear what the other three of us have to say or not.

Secretary RILEY. Let's finish, Mr. Chairman, and then get into something else.

Chairman GOODLING. The gentleman from New York, Mr. Engel.

Mr. ENGEL. Thank you. Thank you, Mr. Chairman. Thank you, Mr. Secretary.

I just want to first say publicly my deep, which you know, I said it privately, but my deep admiration for the job that you are doing and that you have done as Secretary of Education. I certainly have followed virtually every move you have made as Secretary, and I am tremendously, tremendously impressed. I think that the President certainly is very proud of the work that you are doing and the American people ought to be very proud, and on this committee we have worked with you very closely in partnership, and all the programs we passed the past couple of years, whether it was Goals 2000 or the ESEA.

I want to mention elementary and secondary education, reauthorization, the School-To-Work, national service, direct student loans, and all the other programs, you always were available to us and your staff and always working very, very closely with us, and I just want to say publicly thank you, and I think it is quite indicative of the fact that you are going to stay here for the last three of us because that is the kind of job you do. I want to say that publicly.

Secretary RILEY. Thank you very much.

Mr. ENGEL. I also want to state that I think it would be a tragedy if we abolished or merged the Department of Education. I think that everyone, regardless of where they fall in the political spectrum, understands that education is the key to our country's

future, and I think that this is a time when we ought to be perhaps speaking about enhancing the role of the Education Department, not abolishing it, and that is why I would like your comments on that, and I also want to say that that is why I find that the proposals to cut back on Federal aid to education, I find them really just so disturbing.

Secretary RILEY. Well, and I thank you very much. Believe me, I am not here fighting to protect a part of the bureaucracy. My sole interest is the schoolchildren of America.

Mr. ENGEL. Let me say the proposals about block grants, you touched on them briefly before. I was a State legislator in New York, a member of the New York State Assembly during the Reagan years when block grants were flying fast and furiously, and at first when we heard about them we thought that it would really make more sense to have the States make the hard choices and do the things that they would need because, after all, each State knows what is best for its State and not the Federal bureaucracy in Washington. I think that that makes a lot of sense.

However, to me, Mr. Secretary, that only makes sense if we are going to continue to provide full funding in education programs to the States, because if we are not going to do that, if we are going to cut the funds and say only send three-quarters of the moneys for education in the form of block grants to the States, then we are not allowing the States to do anything except to decide where the pain is going to be, to decide where the cuts are going to be. So it seems to me that if we are really—we really want to have the States decide that it is very, very important that funding levels be maintained, and once we start cutting them, then the States are only going to have to decide what programs are cut. So I would like your comments on that.

And let me just say, I am not for wasteful programs. There is always plenty of room to weed out wasteful programs and to get more bang for the buck and to weed out the bureaucracy, but my big fear is in this push or in this rush to downsize government, our children are going to wind up on the short end of the stick.

Secretary RILEY. Well, Congressman, I agree with you that we should be about the business of trying to see that Federal dollars serve the very best possible purpose, and I do not think that there is a more important national purpose in this particular era of our civilization in the life of this country than is education, and I think it would be very much wrong to interpret it any other way, and that is to say that we should deemphasize in any way or deprioritize education. I think it should be in the other direction, and again I join with you, any way that waste or that money is not being spent to the best possible use, I think all of us need to work on that all the time, and we certainly are and I know you are, and we want to work with you in that regard, but it is not the time to deprioritize or deemphasize education.

Mr. ENGEL. Could you comment briefly on the block grant situation?

Secretary RILEY. Well, the block grant situation I think is, in terms of education, and I have had that question in different ways, my general feeling is that if you have a grant that states national priorities, that states national objectives, that has a purpose clearly

defined, then it allows States and localities the flexibility, because there is such a divergence of difference out there in how they reach those objectives, those goals, then holding them accountable to results.

I think that is my idea of what Goals 2000 is, and I do think it then would best serve as kind of the foundation for other decisions in terms of education, and I think you can call that a block grant or a form of block grant or whatever, but it has clear national purpose, clear national objectives, flexibility on the State and local level that the Governor was talking about, and then to look and see what is working and what isn't; and what is, continue; what isn't, then try to have the State adjust, that kind of thing.

Mr. ENGEL. Thank you. Thank you, Mr. Chairman.

Chairman GOODLING. The gentleman from California, Mr. Becerra.

Mr. BECERRA. Thank you, Mr. Chairman, for making it possible——

Chairman GOODLING. Mr. Secretary, you have been very generous and kind so anytime you want to get up and walk, if I don't get to ask my questions, that is fine.

Mr. BECERRA. Mr. Chairman, I am glad you mentioned that you were still to follow me, making sure that the Secretary does have a few extra minutes of time.

I do want to thank the Chairman for making it possible for all of us to have a chance to question the Secretary, and I thank you, Mr. Secretary, for always—I don't think there has been an exception when you have come before this committee that you haven't always given us not only your time but your precious knowledge as well.

By the way, I came back and I am glad to see you are back as well this year, and I hope to see you for the next two years and thereafter as well.

I want to applaud, first of all, your recognition of the diverse needs of our student population. I think the whole issue of high standards, equity and access, which you have championed in your tenure as Secretary, reflects the fact that you recognize that there are children that need transportation, they may need to get out of a crime-ridden neighborhood, they may need some help because they have a disability, they may have a language disability or an impairment, and you have always been there, I think, over the last two years really trying to make sure that as the Secretary for all the children of this Nation that we end up with a program that meets the needs of each and every child that is going to school.

I have only a couple of questions, and they will focus on the issue of vouchers, which I know are getting a great deal of attention these days. We often hear that we should give people choice, that we should try to make the schools competitive to compete for children so that we can make sure that everyone is trying and has the incentive to teach children and make them succeed.

I worry about neighborhoods and the children that live in these neighborhoods, because it seems to me if what you are talking about is telling a parent or a child let's give you the choice to move from this crime-ridden neighborhood where you have a school that has a record of low achievement and that you now take a voucher

and go to some school that perhaps offers your child a better chance of success, most parents on that instant of information would want to move their child to that different school.

Unfortunately, they cannot move that child when it comes time to sleep, to eat, to live out the rest of the day. They can't move that child into that perhaps better neighborhood where that better school might be located.

I am very concerned about our investment, not just in our children but in the atmosphere and environment of our children. What will happen if we create a system where competitively those schools in better neighborhoods, perhaps better able to attract teachers because of the fact that they are not in crime-ridden neighborhoods, are able to drain away children from these economically depressed neighborhoods and thus not only create a system where we are having flight—you always hear about the term flight when we talk about children and parents, but in this case we are probably talking about neighborhood flight of poor kids or perhaps disadvantaged kids to perhaps a better chance to succeed in school without recognizing that school is only a six-hour proposition each day for the child, and there are still 18 other hours that must be lived.

Any comment you may have, I would be interested in hearing with regard to investing in our children and what might happen if we have a system where all we do is recognize that for six hours we may improve the environment for the child, but for 18 hours we deprive him of a chance to succeed as well.

Secretary RILEY. Well, of course, the voucher issue has had a lot of national debate and I know the voters have rejected it, I think, Congressman, in California, your State, Pennsylvania, and Colorado, and I really feel like the interest in it is not as strong now as it used to be. I have always viewed it as a very bad idea, and I am very much into quality private and parochial schools. And anyone will tell you that everywhere I go I visit them and whatever, though they are not under the Department's responsibility, I am very strong in this country having strong private and public schools, but I really do think they should stay that, and you should not make them public in an indirect way.

And you look at neighborhood development and community development, and you look at a large infrastructure for education, one that probably needs a lot more than it has out there now, and I think the answer to so much of the concern, the frustration that parents have is to empower them to come into the schools, the public schools, and to become involved and to make a difference, and that is why we press and press for parent and family involvement, to really get into the school, to have your say and to make changes or whatever is necessary.

Then I believe in having all kinds of innovative uses within the public system of things like charter schools and magnet schools and public school choice, but some accountability, and even use of private contracts where that also is clearly going to be more teaching and learning and is not just a silver bullet that people are hunting for to find an easy solution.

Education is not easy. It is difficult, and it is long term, and it has to have sustained support, and I think it would be a real tragedy for this country if we moved in the direction of the voucher con-

cept which, in my judgment, would destroy in many areas the public schools, and I am very much opposed to them.

Mr. BECERRA. I am looking forward, Mr. Secretary, to continue to work with you, and I appreciate the fact that you have shown why the Federal Department of Education is absolutely necessary to sometimes prod at the local and State school boards and school districts that haven't always been there for all kids and perhaps you have been able to help that along. Thank you so much.

Thank you, Mr. Chairman.

Chairman GOODLING. Mr. Secretary, the three grew into four now, so I will do mine in two-and-a-half minutes so Mr. Andrews can have two-and-a-half of my minutes.

I did want to remind Mr. Engel that it wasn't anyone on his side of the aisle that stopped the revenue sharing kind of block grant back in the early 1980s in the major programs. If Mr. Engel doesn't know that, he will have to read the record.

But let me, I want to pursue what Mr. Williams—in the direction he was going, very briefly.

As I indicated, the purpose of the hearings are to determine what our role should be and then how well we are doing it and which programs we should get rid of, which we should keep and so on. And for years, of course, I have been a voice in the wilderness when it was criminal to question whether there might be some bad Head Start programs out there and that many of the Chapter 1 programs may be disadvantaging students, and now we are getting many others who are saying that, but what we need is what Mr. Williams said, we need to know statistically, we need to see something other than somebody getting up at a signing of a bill and saying, boy, that program meant so much to me, well, you know, you can pull those out of the woodwork anywhere, we need to know how beneficial.

We spent $38 billion on Chapter 1. Did the children really get their money's worth or didn't they? We have spent $16 or $18 billion in Head Start. Did they get their money's worth or didn't they?

I have read three reports on Head Start, three studies. I haven't seen any recently. And two of them were very critical. The third one was much better because it was in a college setting where they had college students as mentors for those youngsters and then they sort of became substitute parents. So we need those kind of statistics if we are going to make the proper moves here on the committee, realizing, as you know, and I know, that I have assumed this chairmanship at a time where doing more better with less, whether we like it or not, is the mandate, and so we are going to have to know what it is we are doing, so I am hoping that you are moving in that direction.

So my very quick question would be, is there any evidence, since the last couple reauthorizations, both in Chapter 1 and Head Start we really tried to tackle the quality issue and tried to get away from the access business, which I tried to do for 20 years. Is there any evidence in the last three, four, five years that we are moving more toward quality and less in relationship to access?

Secretary RILEY. Well, I think, of course Head Start is not something that I can speak with too much authority on, but——

Chairman GOODLING. You watched it as a Governor.

Secretary RILEY. I do and I have. Title I, I really think, has been moving in the right direction, and I really think with the—and you indicate not to use the word "reauthorization," but whatever you all did to it last year, I think, really moves it in a very good direction of accountability and flexibility, not as far I am sure as some would want to go, but it certainly moved it in the right direction, and I would point out, Mr. Chairman, that we recommended I think some 34 programs to be zeroed out last year in education, and I think——

Chairman GOODLING. You will probably get your way this year.

Secretary RILEY. We are going to be more careful maybe. But I have got—but I think probably some nine were zeroed out and then some others were added, but anyhow——

Chairman GOODLING. Twenty-two.

Secretary RILEY. We tried seriously, and the Vice President really has tried to work hard to try to get the departments to come up with things that aren't working or that should be consolidated. We are going to have, I am sure, that kind of discussion with you this year.

And I was very much listening to the Congressman's comment, and yours also, and we would very much welcome the opportunity to work with your staff and so forth to analyze these programs and really try to put a judgment on what is working and what isn't, and we will cooperate any way we can with that.

Chairman GOODLING. We eliminated nine and, unfortunately, until the Senate was finished, we put 22 new ones in.

The gentleman from New Jersey, Mr. Andrews.

Mr. ANDREWS. Thank you, Mr. Chairman, for this opportunity, and thank you, Mr. Secretary, for your patience. I will be brief.

I share the Chairman's enthusiasm for doing more better with less, and for that reason I was encouraged to read your remarks on page 9 about the support you are receiving from the higher education community for the new direct student loan program. The 1993 reconciliation bill assumes that savings will be $4.3 billion over the next five years as a result of direct loans.

Mr. Secretary, are we on track to achieve that $4.3 billion savings at this point?

Secretary RILEY. Yes, we are on track and perhaps ahead of track.

Mr. ANDREWS. One thing I would ask if you could submit for the record would be the following analysis: If the loans which have been originated and are being serviced thus far had been originated under the student loan law that existed prior to 1993, what is the difference in cost to the taxpayers as to what we are paying now and what we would be paying for those loans under the old law? If you could supplement the record with that, with the Chairman's permission, I would appreciate that.

[The information follows:]

Question: Can you provide data on the difference in costs if loans originated thus far under the Direct Loan program had originated under prior law?

Answer: Under the Federal Direct Loan program, the Federal Government loans funds directly to students through their schools. The Federal Family Education Loan [FFEL] Program provides Federal reinsurance of loans against borrower default, as well as interest subsidies and other support. The 1993 Student Loan Reform Act reduced the subsidies on new loans made under the FFEL program and

also eliminated subsidy payments to lenders and guarantee agencies for loans now made under the Federal Direct Loan Program.

The cost of loans under the Federal Direct Loan program for fiscal year 1994 [the first year the program was in operation] was $545 million less than if they had been originated under the FFEL program. This savings was achieved on a direct loan volume of $813 million in fiscal year 1994. The Department's current estimate, based on the most recent economic assumptions, is that the program fully implemented will save another $12 billion between fiscal year 1995 and fiscal year 2000.

Another way of describing the savings from the Federal Direct Loan program is to compare the amount of the Federal subsidy per dollar loaned under the two programs. Under current economic assumptions, the Federal portion of each dollar lent in fiscal year 1995 is 11 cents under the Federal Direct Loan Program and 17 cents under the FFEL program—a savings of 6 cents per dollar of loan volume.

Mr. ANDREWS. Thirdly, it is my understanding that legislation has been introduced in the new Congress that would place a cap, a statutory ceiling on either the number of institutions which may participate in direct loans, the number of dollars that may be loaned or both. What would your position be on that legislation?

Secretary RILEY. Well, our experience with the direct loans program coupled, of course, with the options that the student has in paying back those loans, the income contingent option being a brand new one, which is very attractive to most students, is working very well.

I was just out at American University and saw them go through the process of a loan, and it took less than five minutes, the note and all, of course, coming through the computer. The student who was getting the loan turned to me, it was a senior, and said that last year it took her three weeks to get the loan, and this one, all the paperwork was done there in just a few minutes, and the loan would be approved electronically, moving the money within 24 hours. All of that at great savings to the Federal Government, as you pointed out in the beginning.

In addition to that, we are contracting, then, with private companies to service loans, to handle loans in a very significant way, so it is not like we are putting it all into the Federal Government because we have lots of that implementation follow-through that is being done through major contracts for services.

I think the point, the answer to your question is it looks to me like it is working in a very significant way. It is important to the students, to the institutions, and the country, and I think it would be a mistake to deter the natural increase that I think it is going to have in terms of interest.

Mr. ANDREWS. One succinct final question. Is there any policy or economic reason why we could not write a law which says that every institution in America that meets criteria for qualification could choose whether to have its students participate in this program or the conventional one? Is there any reason why we couldn't do that?

Secretary RILEY. That is basically how it reads now when you reach the cap. When you reach the 60 percent, then the current law says, however, as you know, any school that wants to come in after that can, so theoretically the current law can go to 100 percent if they choose to come in.

Mr. ANDREWS. So a philosophy that favors the replacement of command and control government with consumer choice would certainly embrace such a proposal, I am sure.

Thank you, Mr. Secretary.

Chairman GOODLING. Mr. Secretary, I have no trouble giving away money to my children, very easy to give money away, come back in seven years, seven, eight, and nine, then tell me a little bit about how we are doing and how the taxpayer is doing with the program.

Well, thank you again. You have been more than cooperative, and we will assure you the next time that you will have center stage alone and won't have to stay nearly as long, but I do appreciate your patience.

Secretary RILEY. And I thank the committee also, Mr. Chairman.

Chairman GOODLING. We are adjourned.

[Whereupon, at 12:40 p.m., the committee was adjourned.]

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